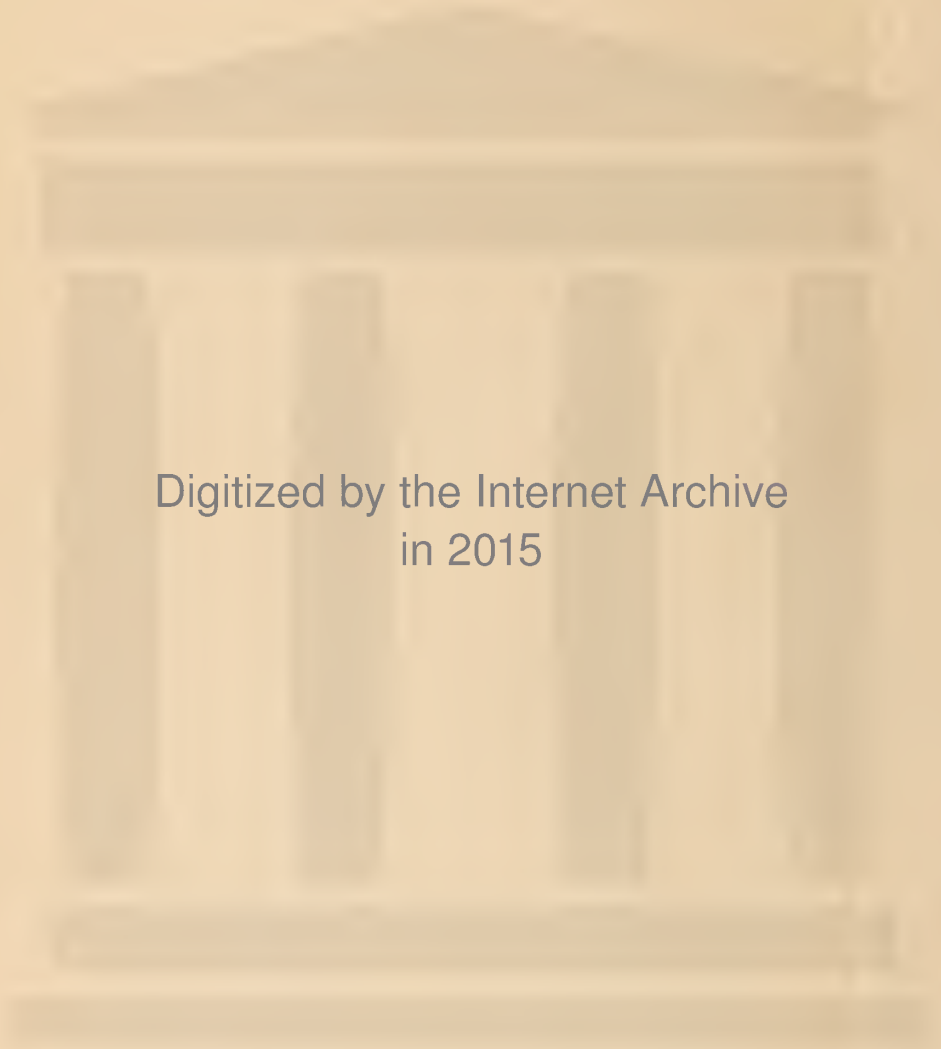


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EUROPEAN MOTION-PICTURE INDUSTRY IN 1932



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FOREWORD

In spite of the existence in intensified form of the same obstacles which confronted the American film trade in Europe last year, that region still contributes far more in revenue than all the rest of the world (exclusive of the United States), and in spite of increasing competition, American pictures still command the majority of the showings in nearly all European countries. In the United Kingdom, for example, where much is made of the competition from British-made pictures, our share of the market (for features) is still 69.5 percent as against 72.6 percent in 1931. However, a detailed survey of the European market is highly necessary at this time, for pitfalls in the film situation in Europe are steadily increasing and these should be carefully analyzed. It is hoped that the facts and figures here presented will be of assistance in this respect.

This bulletin is the sixth annual publication of the Bureau of Foreign and Domestic Commerce on the European motion-picture industry. Owing to necessary economies, that portion relating to the United Kingdom which last year appeared as a separate bulletin has been incorporated into this bulletin. Furthermore, the bulletin itself has been much reduced in size and hence provides only a general statistical picture of the film industry in the various European countries. However, in many cases allusion is made to the fact that more detailed information on a given topic is on file in the Motion Picture Division, and it is hoped that anyone interested will not hesitate to procure this supplementary data. Considerable information on many points only lightly touched upon, such as foreign exchange controls, is available from other divisions of the Bureau.

JUNE 1933.

FREDERICK M. FEIKER,
Director, Bureau of Foreign and Domestic Commerce.

EUROPEAN MOTION-PICTURE INDUSTRY IN 1932

INTRODUCTION

By American Trade Commissioner George R. Canty, Berlin

The European film industry struggled through 1932 in the hope of preserving itself in face of abnormal world economic conditions. It made notable contributions in the way of sound-film production and development and cinema construction and fared infinitely better than many other industries. Nevertheless, it was in poor condition at the end of the year and had still to face a more difficult 1933, when the cumulative effects of the high expenditures and reduced revenues of 1932 would have to be met.

The trade in Great Britain continued to make rapid strides; its production rose to a point within reach of the world leaders, while local market conditions probably surpassed those of any other country or region. Scandinavia kept abreast of its satisfactory status of the previous year, but in all other countries, with a possible exception or two, the trade was so badly affected by disrupted economic circumstances as to border on chaos.

Feature-film production in Europe practically totaled that of 1931, and investments in feature production alone, including exchange depreciations, were only 5.7 percent under the par value registrations of the previous year. In the face of a gloomy world outlook, this investment was probably ill-timed, and evidenced either a sheer inability or a reluctance to gage costs to prospective revenue in 1933. Dubbing costs were recorded for the first time and amounted to approximately \$1,000,000, thus bringing total feature production costs to within 2.3 percent of 1931. Theater installations of reproducing sets numbered 4,118 during the year, or 21.5 percent less than in 1932, and marked a rapid advance toward the saturation point. The determination to place the cinema situation on a sound-film basis was effectively tested, and 32 percent more houses were built or reconstructed during the year than during 1931. New seatage added was 6 percent less, indicating more concentration on the medium- and smaller-size theaters. As in recent years, this progress centered in Great Britain and France, but it is noteworthy that Austria, Czechoslovakia, and Spain improved their cinema situations considerably, the first two having given chief attention to the run-down, small type of house. Little extension of wired studios was expected, inasmuch as the high-water mark was considered to have been practically reached during 1931; nevertheless, 15 new studios and 26 stages were added during 1932. Spain, the Netherlands, Finland, Turkey, and Yugoslavia built sound studios of one kind or another for the first time.

FILM PRODUCTION

As in the United States, the prevailing depression had little or no effect on production activities. In all, 568 features were turned out and 126 features were dubbed at an estimated cost of \$29,413,500. In 1931, 570 features were produced for approximately \$30,147,000. As previously explained, accurate information on production results is not entirely available, inasmuch as complete statistics are not kept regularly in Europe. This situation is accentuated because in certain leading countries of production, where a reasonable attempt is made to keep statistics, no records have been made of foreign versions made for export; hence, the necessity of resorting to trade data for final estimates.

The table below shows the estimated number of feature films, original and dubbed, during 1932, by countries, with estimated negative costs involved, as compared with the previous year.

EUROPEAN PRODUCTION AND DUBBING OF FEATURE FILMS, 1931 AND 1932, BY COUNTRIES

Country	1931		1932					
	Feature films produced	Estimated cost	Regular features		Dubbed		Total	
			Number	Cost	Number	Cost	Number	Cost
Austria.....	7	\$115,000	11	\$400,000	-----	-----	11	\$400,000
Baltic States.....	1	4,000	-----	-----	-----	-----	-----	-----
Belgium.....	4	39,000	2	30,000	-----	-----	2	30,000
Czechoslovakia.....	27	635,000	25	940,000	3	15,000	28	955,000
Denmark.....	6	100,000	5	75,000	2	8,000	7	83,000
Finland.....	7	70,000	3	35,000	-----	-----	3	35,000
France.....	143	7,150,000	142	7,000,000	50	500,000	192	7,500,000
Germany.....	164	9,850,000	145	8,975,000	18	216,000	163	9,191,000
Great Britain.....	141	9,750,000	161	8,750,000	-----	-----	161	8,750,000
Greece and Albania.....	2	20,000	-----	-----	-----	-----	-----	-----
Hungary.....	4	150,000	12	500,000	-----	-----	12	500,000
Italy.....	31	1,250,000	21	850,000	55	250,000	76	1,100,000
Norway.....	1	20,000	-----	-----	-----	-----	-----	-----
Poland.....	10	200,000	8	160,000	-----	-----	8	160,000
Portugal.....	1	90,000	1	10,500	-----	-----	1	10,500
Rumania.....	1	6,000	1	-----	-----	-----	-----	-----
Spain.....	3	45,000	7	150,000	3	9,000	10	159,000
Sweden.....	13	600,000	23	500,000	-----	-----	23	500,000
Switzerland.....	2	25,000	-----	-----	-----	-----	-----	-----
Turkey.....	2	28,000	2	40,000	-----	-----	2	40,000
Total.....	570	30,147,000	568	28,415,500	131	998,000	699	29,413,500

¹ Figured on average rates of exchange during 1932.

The table shows that production centered in Great Britain, Germany, and France, which countries accounted for 73.5 percent of the European output (dubbed versions included), and 86.5 percent of the total negative investment. Feature-film output increased in Great Britain to a point where any further increase might result in overproduction. German output declined, as it will probably continue to do in 1933 on account of the shortage of film capital, while France maintained its rate of the previous year. It is believed, however, that the future is likely to see a drop in this respect in both France and Germany and an increase in the number of features dubbed, in view of the legal necessity of dubbing imported films in the country of distribution. Inasmuch as the same requirement holds good for

Italy, it is believed that a similar situation will prevail in this country, too, and there is a gradual tendency in this direction in Spain. Increased feature output in Austria and Hungary was due entirely to the economic necessity of plowing frozen assets into local manufacturing. Swedish production increased in proportion to reduced royalty costs secured through the use of local recording equipment instead of German, which had previously been in operation.

NEW MOTION-PICTURE THEATER CONSTRUCTION

No general statistics are available in Europe as to cinemas that closed their doors to business, so it is impossible to estimate what change occurred during the year in the total seating capacity. It is estimated in trade circles that this mortality was very large, however, in view of the general economic depression and the inability to adapt houses to sound-film requirements.

Fairly reliable statistics as to new construction and important renovations are available, though, and it is conservatively calculated that 490 cinemas, with a total seating capacity of 303,339 were added, as compared with 373 theaters and 322,568 seats in 1930 and 428 theaters and 341,422 seats in 1931. This, in face of adverse conditions, when a decidedly downward trend might have been expected, is a remarkable achievement. Germany alone of the more important countries failed to show any general improvement, a situation which was unquestionably due both to the possibility that the country is already overseated and the fact that money was too expensive for any desired expansion.

The following table shows the estimated number of new cinemas and important reconstructions, as well as added seatage, in 1932, as compared with 1931.

EUROPEAN CINEMA CONSTRUCTION AND SEAT ADDITIONS, 1931 AND 1932, BY COUNTRIES

Country	1931		1932	
	New cine- mas	Seats added	New cine- mas	Seats added
Austria.....	5	6,400	75	15,400
Baltic States.....	4	1,480	11	3,770
Belgium.....	7	9,825	9	15,400
Bulgaria.....	2	900	12	2,350
Czechoslovakia.....	100	40,000	100	25,000
Denmark.....	1	800	1	700
France.....	84	64,219	72	50,000
Germany.....	25	22,500	29	14,200
Great Britain.....	100	143,000	79	101,309
Greece and Albania.....	1	1,250	3	3,770
Hungary.....	10	3,768	3	1,175
Italy.....	-----	-----	7	9,550
Netherlands.....	6	2,900	6	2,500
Norway.....	-----	-----	2	1,250
Poland.....	-----	-----	15	4,000
Portugal.....	10	8,000	1	850
Rumania.....	40	10,000	7	2,300
Spain.....	15	20,000	36	36,000
Sweden.....	4	1,550	12	5,000
Switzerland.....	8	3,000	1	800
Turkey.....	-----	-----	1	800
Yugoslavia.....	6	1,850	3	900
Egypt.....	-----	-----	6	7,115
Total.....	428	341,442	490	303,339

WIRED CINEMAS

The addition of 4,118 sound-equipped cinemas, as compared with 5,249 during the previous year, is a distinct reflection on the energetic campaign of sound-equipment companies operating in the European field, as well as the courage of European exhibitors in committing themselves to future necessities, in the face of credit limitations. Thus the end of 1932 witnessed 16,847 wired theaters in Europe (Russia excepted). It is common opinion in trade circles that the saturation point in cinema wirings is almost reached and that during 1933, save in the case of newly built houses, wiring will be confined to replacements or the installation of cheap sets in the smaller theaters.

The table below lists the number of theaters wired for the reproduction of sound films, by countries, during 1931 and 1932, and the total as of the end of the latter years.

THEATERS WIRED IN EUROPE, 1931 AND 1932 BY COUNTRIES

Country	Dur- ing 1931	Dur- ing 1932	Total on Dec. 31, 1932	Country	Dur- ing 1931	Dur- ing 1932	Total on Dec. 31, 1932
Austria.....	238	149	559	Italy.....	350	429	919
Baltic States.....	53	50	160	Netherlands.....	23	22	218
Belgium.....	149	164	401	Norway.....	53	36	239
Bulgaria.....	14	62	109	Poland.....	32	200	350
Czechoslovakia.....	332	260	750	Portugal.....	27	65	107
Denmark.....	75	51	268	Rumania.....	135	25	220
Egypt.....		6	71	Spain.....	238	487	939
Finland.....	25	22	120	Sweden.....	299	42	718
France.....	927	627	2,077	Switzerland.....	68	30	201
Germany.....	925	1,000	3,500	Turkey.....	7	17	44
Great Britain.....	1,024	233	4,314	Yugoslavia.....	65	53	184
Greece and Albania.....	33	36	99				
Hungary.....	147	52	250	Total.....	5,249	41,118	16,847

SOUND-FILM STUDIOS

There were 15 new studios with sound equipment built during 1932 and 26 new stages added to the total of the previous year. The new studios were of the smaller type, while the greater part of the new stages were additions to already existing studios. Expansion during 1933 will probably be confined to small countries not already in the sound-film production field and to new equipment for dubbing purposes.

In view of the different makes of recording equipment, full details as to the exact type of equipment and capacity are not available, but the following table shows the total number of studios equipped for sound as of December 31, 1932, as compared with the corresponding period of the previous year.

EUROPEAN STUDIOS EQUIPPED FOR SOUND, 1931 AND 1932, BY COUNTRIES

Country	1931		1932	
	Studios equipped	Total stages	Studios equipped	Total stages
Austria.....	3	4	3	4
Belgium.....	1	1	¹ 1	1
Czechoslovakia.....	1	2	2	4
Denmark.....	1	4	3	7
Finland.....			¹ 1	1
France.....	11	28	14	32
Germany.....	13	32	13	32
Great Britain.....	16	26	17	33
Hungary.....	2	2	2	3
Italy.....	1	3	1	3
Netherlands.....			1	1
Poland.....	2	2	2	2
Spain.....			¹ 1	1
Sweden.....	2	4	5	8
Turkey.....			1	1
Yugoslavia.....			¹ 1	1
Total.....	53	108	68	134

¹ Partly equipped studios.

RESTRICTIVE LEGISLATION

Official restrictions continued in increased force during the year. In the smaller countries exchange controls that influenced the use of frozen credits for production purposes unquestionably did much to maintain their justification, in the official sense of the word. This applied particularly to Austria and Hungary. The film restrictions in Czechoslovakia and Yugoslavia made it quite impossible for the majority of the American distributing companies to release new products, and their activities for the greater part of the year were confined to the continued distribution of old films. The British Films Act, a 10-year law, continued to function in the gradual degrees set forth when the law was passed in 1927. The German "kontingent", regulations for the administration of which are issued annually in July, became somewhat more severe with the requirement that all foreign products to be released in dubbed form must henceforth be dubbed in Germany; that the number of imported dubbed features could not exceed 50 percent of the total number of features authorized for importation by any company, and that the allocation of permits may be refused for films whose producers distribute internationally so-called anti-German films. The French film law was amended in one sense in favor of foreign films, but in another decidedly contrarywise, since it limited the exhibition of foreign language films to 10 French theaters, 5 in Paris and 5 throughout the rest of the country.

Attempts were evident in several countries to formulate plans for official, quasi-official, or private distribution monopolies, which would, in effect, compel all foreign film exchanges to close up business. In most cases these did not go into effect, but it is still evident that the movement has not died down and that it will subsequently in certain instances be tried again.

Serious rumors of contingents occurred in Spain, Rumania, and Poland.

Besides Germany, France adopted laws or other official measures requiring that films intended for local release in dubbed versions be finished locally.

EUROPEAN DEMAND

If the year under review witnessed any changed demand for films, it was probably emphasized in the case of dubbed versions, which definitely indicated that, after a couple of years of experience, their potentialities will be limited unless their processing considerably improves. Their possibilities, however, increase proportionately with the popularity of the story, the case employed, and reduced dialog, as domestic production struggles against high negative costs and small release possibilities. Limited language markets, on the other hand, place the present high costs of dubbing in the class of risk, with the result that average program films are more often than not considered as unfit for distribution in this form.

Foreign language versions, excepting English and German, are seldom released on the Continent. Scandinavia and the Netherlands are fertile fields for English and German dialog films, particularly when released with superimposed title in the native language. English dialog films enjoy popularity in Paris, but limited distribution reduces their financial possibilities.

It would seem that films in the language of the country where used should have first call in popularity. This is not always so, however. If they are cheaply made, as experience over the past 2 years shows, they can not stand up in competition with the better-made foreign product, and thus they prove financial failures. This is especially the case in the smaller production countries, Sweden excepted, where, it is reported, last year's domestic product met with some financial success, due unquestionably to the absence of high royalty charges on production. In both France and Germany only the better-than-average films, regardless of cost—and very few cheap films were made—were financially successful, though this may have been due in no small degree to the effect of the prevailing depression on cinemas.

As previously reported, it is evident that, so far as concerns the American trade, the best sales prospects lie in the release of (1) features in the local language, for they help sell films made in the United States; (2) dubbed films, if not in the language of the country in which distributed, then in German or French, if either of these be preferred to English; (3) English dialog features with superimposed titles in the local language and other adaptations if possible; and (4) synchronized versions.

THE SITUATION IN GENERAL

Though trade conditions have sporadically been off balance for 2 or 3 years, it will probably be recorded that 1932 found the economic depression universal. So far as Europe is concerned, France, Switzerland, the Scandinavian countries, and Yugoslavia joined the other countries that had previously experienced the full effects of the depression. The severity of the situation may be further adduced from the fact that of the 25 countries covered in this report, 17 applied exchange controls of varying degrees, while 8 were off the

gold standard. Add to these the legislative restrictions, previously mentioned, and it will be appreciated why the American film trade suffered a very trying year.

Encouragement was to be found in spots, however. The American film maintained its prestige everywhere, and what unsatisfactory business resulted was fundamentally due more to the hampering effects of governmental restrictions than to any decreased demand for American film products. American film companies in Great Britain had a very active year, despite the depreciated pound sterling; their efforts in the Scandinavian countries met with satisfactory returns. They also continued to dominate the situation in Poland, owing to the continued ban on German dialog films. In other countries, Belgium possibly alone excepted, results were not up to expectations.

The American basic position is hardly different from that reported a year ago. American film exporters should continue to note the dissimilarities of European cinema demand in various countries and the consequent necessity for capable, energetic local company management. The cooperation of American studios in producing, or adapting films with foreign appeal, and constant vigilance in the study and treatment of governmental restrictions are leading subjects that should also receive most careful attention in the home offices in reviving trade upon the lifting of the depression.

The American company executives are now fortified with sufficient knowledge, resulting from several years of sound-film experimentation in foreign markets, as well as evidence that European cinemas are now within reach of the saturation point in wiring equipment, to place them in a position to gage standard market possibilities. Revenues will, of course, continue to be restricted so long as the various countries attempt to curtail commodity imports and to redress their trade balances by means of restrictions on exchange. It is estimated that these particular restrictions cost American companies a loss of 15 to 20 percent, as funds are remitted to home offices in one form or another.

It is consequently believed that any increased film business during 1933, not due to a better product than heretofore, will be only in proportion to the success of the various countries in mitigating the exchange restrictions by some means that will restore their merchandise balances by stimulating exports to active world markets. As this, in effect, would indicate the lifting of the depression, it would definitely be the sign of better prospects for American companies. The film trade, as much as any other, depends in the final analysis on the general healthiness of a country's trade and industry.

ALBANIA

By Cloyce K. Huston, Secretary of American Legation

Production.—There is no production of films in Albania, nor are there any studios in the country.

Distribution.—American films are the most popular, with German, French, and Italian next, in the order named. Films from the United States are in English with subtitles in the local language.

Exhibition.—No theaters were built during the year and none

wired. The situation is therefore the same as it was on December 31, 1931, at which time 6 theaters were being wired out of a total of 11 in the country. All have German equipment.

AUSTRIA

By Assistant Commercial Attaché D. F. Spencer, Vienna

Production.—There were 12 features produced in Austria in 1932, 10 in German, and 2 French versions of 2 of the 10 German-language films. Three were produced by Allianz and 1 each by Dr. Ernst Wanek and Mondial in Vienna (the latter also produced a French version). Lothar Stark produced 3 (plus a French version of 1 of these), and Ondra Lamac and Oskar Glueck each produced 1. The latter were German companies which were unable to get their rental receipts out of Austria because of foreign-exchange restrictions, and so used these receipts for production within Austria. These concerns also secured permits for the distribution of German films in Austria. There were also 34 shorts (all in German) produced, 32 by 17 Austrian companies and 2 by Ondra Lamac. The studios used were Sascha and Selenophon; the former has recently acquired the old Vita studio on the Rosenhügel and is equipping it as a sound studio. For 1933 probably a dozen films will be produced, chiefly by German companies in the studios noted above.

Distribution.—During 1932, 242 sound features and 8 silents were shown. Of these 146 came from Germany, 72 from the United States, 13 from France, and the other 11 from Italy, Russia, Czechoslovakia, and other countries. Five hundred and four sound shorts were shown, almost equally divided between Germany and the United States. Of the American films, about 25 were in English with superimposed titles, and an almost equal number of films dubbed into German, which had poor success at the box office. There were a few originals with German casts. It is conceded that the original German versions are much more popular than the dubbed variety.

Exhibition.—About 63 new theaters were opened, adding 14,000 seats, and 12 were reconstructed, adding 1,400 seats; 149 theaters were wired, all with sound on film. On December 31, 1932, a total of 559 theaters were wired, out of 913 in the country. Of these, 258 have miscellaneous or locally assembled units, 183 Klangfilm, 41 American equipment, 29 Koerting, 24 Phillips (Dutch), and 23 Schrack. Only 9 are for sound on disk alone.

Legislation.—The Austrian contingent regulations (as outlined in Foreign Market Bulletin No. T-55, issued by the Motion Picture Division on September 5, 1931, and supplemented on pages 13 and 14 of Trade Information Bulletin No. 797, The Motion-Picture Industry in Continental Europe in 1931) still exist with changes of a minor nature. Amendments have been made to encourage the production of short subjects, and it is possible that laws compelling film importers to have their positives printed in Austria may be passed. Films are also influenced by the drastic currency control now in effect.

General.—The year in general was a very bad one for the film industry. The quality of films shown, particularly from Germany, was much poorer than in the 1931 season. Box office receipts dropped about 40 percent.

BELGIUM

By Commercial Attaché R. C. Miller, Brussels

Production.—Two features in French were produced by Studio Lux in Brussels. These were "Le plus joli reve" (2,300 meters) and "Le cadavre no. 5" (2,200 meters). The cost of both was about 900,000 francs. Twenty-four shorts, 12 in French and 12 in Flemish, were produced at a cost of about 400,000 francs. There was no change in the studio situation in 1932 and none is anticipated for 1933. Two or three films will probably be produced.

Distribution.—About 450 sound films were shown, along with 150 old silents. Owing to the language question, French-language films (including French versions of American films) were shown almost exclusively in the Walloon or southern half of the country, while in the Flemish section 80 percent of the films shown were American, with 15 percent German and 5 percent French. The most popular American films are in English with subtitles in French or Flemish, though good dubbed French films featuring world-famous artists are popular in the Walloon districts. Dubbed films are losing their popularity.

Exhibition.—Seven new theaters were built, these being the Metro-pole in Brussels (4,000 seats); the Capitole (1,500 seats), Cameo (1,500 seats), and Kinox (1,100 seats) in Antwerp; the Capitole (2,300 seats) in Ghent; the Novelty (1,400 seats) in Malines; and the Cine Plaza (1,000 seats) in Deurne. The first three have American equipment. In addition, the Hippodrome (2,000 seats) in Antwerp and the Cineac (600 seats) in Brussels were reconstructed. There is a strong trend toward the building of large picture houses, there being in Brussels alone one 4,000-seat house, two of 2,500 seats each, and a 3,000-seat house nearly finished. About 164 houses were wired in 1932, making a grand total at the end of the year of 401 wired theaters out of 650. Of these, 90 have American equipment, 133 locally assembled, 49 Bauer, 41 Philisonor, 22 Tobis, 20 Gaumont, and the rest of miscellaneous manufacture.

Legislation.—There is no legislation in force having adverse effect on American films.

General.—The Belgian film trade reacted successfully to the critical conditions during 1932. Attendance decreased to some extent, but rentals decreased by 20 to 30 percent, which in turn was offset by the increased number of films released.

BULGARIA

By Consul John McArdle, Sofia

Production.—No studios for the production of either sound or silent films exist in Bulgaria and it is not likely that this condition will change during the coming year.

Distribution.—The Bulgarian censorship board reports that 294 films totaling 481,937 meters were censored during 1932, of which 256 (445,240 meters) were sound and 38 (36,697 meters) were silent. Of the sound films 112 (203,968 meters), or 45 percent, came from Germany, 107 (193,237 meters) or 36 percent came from the United States, 19 (16,085 meters) or 7 percent, came from England,

and the rest from France, Sweden, Russia, Austria, Poland, and Italy. Sound pictures in German are especially popular. Of the American-made films those with subtitles in Bulgarian or originals using French or German were most favored. Dubbed films are not very popular.

Exhibition.—Twelve theaters with a total capacity of 2,350 seats were opened during the year and 7 with a seating capacity of 1,900 seats were closed. Sixty-two houses were wired, 39 with sound on film and 23 with sound on disk. Thus at the end of 1932 there were 145 theaters in Bulgaria, of which 109 were wired. Most of the installations are a combination of imported and locally made parts.

Legislation.—Drastic legislation against the purchase of foreign exchange to pay for film imports had serious consequences for the motion-picture companies.

General.—The general economic depression in Bulgaria caused a drop of about 30 percent in the gross receipts of theaters, even though admission prices were reduced 20 percent.

CZECHOSLOVAKIA

By Dr. Alors Broft, Office of Commercial Attaché, Prague

Production.—Twenty-five features were produced by 13 companies, all located in Prague. These were as follows: A. B. Film, 6 (Czechoslovak); Elektafilm, 4 (3 Czechoslovak and a French version of one of these); Slaviafilm, 4 (2 Czechoslovak and a French and German version of one of them); Wolframfilm, 2 (a Czechoslovak and German version of one film; Grafofilm and Meissnerfilm, 1 (Czechoslovak); Arkofilm and Meissnerfilm, 1 (Czechoslovak); Oceanfilm, Moldaviafilm, Leon Gaumont, Melodyfilm, Lloydfilm, Primusfilm, Dafafilm, 1 each (Czechoslovak); the last-named also produced one silent. No sound features were dubbed except two educations of French origin and one American film. No shorts were made.

The sound features were all made at the A.B. studio equipped with Tobias sound-on-film recorders. They averaged about \$40,000 in cost (except the silent, which cost about \$9,000). As for the A.B. studio, it has two film recorders and two stages; since only one picture at a time can be made, it can turn out about 20 features annually. In order to meet increasing demand, a new studio was started by A.B. in 1931, but only one stage is yet in operation, the other to be completed by July 1933. The capacity of the new studio should run to about 80 films a year. In spite of rumors that other studios may be built to compete with A.B., nothing tangible has emerged, for it is felt that Czechoslovak production will not support more than one studio.

Even though domestic production was under the favorable influence of a quota, which enabled the number of features to increase by four in 1932, local film producers for the most part lack sound financial backing. Their films being in the Czech language and dealing entirely with local subjects, they had to bear the handicap of a limited market. Production plans for 1933 are therefore rather vague. Through the use of the new studio, sound production can be

doubled and the haste now used in producing Czech films can be eliminated. So far A.B. Film (the most substantial producer) has arranged for 12 features. One is nearly finished, including several foreign versions, and other companies have announced one or more sound films. The net total is rather vague, however.

Distribution.—As a result of quota and foreign-exchange restrictions, a heavy decline occurred in the number of films distributed, amounting to nearly 40 percent, affecting especially sound features and sound shorts. Germany took the lead, owing to the voluntary withdrawal of American companies, with the release of 353 films (338,185 meters), of which 84 (207,175 meters) were features, 15 silent, and 40 sound. Twenty-two of these were supplied in the first 3 months before the quota took effect. Czechoslovakia came next with 274 films (143,050 meters), of which 23 were features (1 silent); France, Russia, Italy, Poland, Austria, and Great Britain followed in that order, with 44 (65,760 meters) from France, 22 of which were sound features; Russia provided 8 features (5 silent); Italy and Poland, 5 sound features each; Austria, 4 sound features; and Great Britain, 1 sound feature.

Most American films were in English with superimposed titles. Films dubbed in German were not allowed to be shown and no direct-shot versions were exhibited. The popularity of American films suffered considerably from the absence of good new films, owing to the withdrawal of American companies. In general, society pictures were most popular.

Exhibition.—About 100 theaters were either constructed or renovated, adding in the neighborhood of 25,000 seats; 260 theaters were wired, 170 with Czech equipment, 45 with German, 43 with Dutch, and 2 with American. All of these were for sound on film. As of December 31, 1932, out of 1,950 theaters (750,000 seats), 750 theaters were wired, leaving 1,410 theaters, nearly all small, unwired. In addition, about 200 reproducers were used for traveling shows and 100 more by the Czech Army. By nationality of equipment, 378 had Czech devices, 265 German, 52 Dutch, 47 American, 6 French, and 2 Austrian. Nearly all of these are sound on film.

Legislation.—Toward the close of 1931 the Czechoslovak Government introduced various measures to cut down film imports so as to relieve the domestic film market from foreign competition, check the increasing menace of German films flooding Czechoslovak theaters, and establish a subsidy for the local industry. The system of control of foreign film imports was tightened up substantially in the first half of 1932. On April 23, 1932, an import quota was introduced and made retroactive to November 11, 1931, fixing at 240 the number of sound feature films (shorts, educational films, newsreels, etc., not included) to be imported up to December 31, 1932. This represented a decrease of about one third in the number of foreign feature films usually imported. The quota was later reduced to 200, then to 160, and finally to 120. In connection with the import quota the "kontingentschein" system (import quota certificate system) was introduced, which required importers of films to surrender one "kontingentschein" for each film imported after April 23, and one for each film previously imported between January 1 and April 23. The price of the "kontingentschein" was fixed first at 15,000 Czechoslo-

vak crowns (\$450) on a basis of seven permits for each local film produced. Later it was increased to 17,500 crowns (\$525) on a 6 to 1 basis, and finally to 21,000 crowns (\$630) on a 5 to 1 basis, which is still in force. The importers had two alternatives to choose from, either to produce sound features locally in order to secure import quota certificates, or to purchase them at the fixed prices from local film producers.

In view of this, the major American film companies refused to produce films in Czechoslovakia or purchase "kontingentscheine" and stopped importing and releasing new films subject to import restrictions and delivered only products contracted for before April 23, 1932. The American companies took this attitude because they consider the Czechoslovak quota system a discrimination against the United States and because it does not differentiate between the earning power of English and German dialog pictures. The latter have a market throughout the country, which has a German population of 3,500,000, while the English-language pictures can be shown only in a relatively small number of theaters in the population centers. As a result, many American pictures earn so little that they cannot stand the amount of taxation provided in the regulations.

The lack of American films in Czechoslovakia was not serious at first, but in the autumn the shortage became increasingly acute and affected the exhibitors to such an extent that they have since been urging the government to do something to put an end to the situation. At present it is uncertain how the controversy will be solved.

General.—The striking feature in the Czechoslovak motion-picture situation during 1932 was the introduction of a rigid import quota on sound features connected with an indirect support of domestic film industry, which resulted in the withdrawal of American film companies from the Czechoslovak market. The ensuing shortage of sound features increased sales possibilities for German films, which had been gaining predominance in Czechoslovakia since 1931. On the other hand, the Czechoslovak film industry benefitted from the import quota system, inasmuch as it received a subsidy of 105,000 Czechoslovak crowns (about \$4,500) for every domestic sound feature produced, by selling "kontingentscheine" (import quota certificates) to film distributors.

DENMARK

By Assistant Trade Commissioner Paul H. Pearson, Copenhagen

Production.—There are two major producing companies in Denmark. One is the Nordisk Tonefilm, which maintains a studio with 4 stages and 4 recorders (Petersen and Poulsen), 2 permanent, 1 portable, and 1 for synchronization. It produced in 1932 three feature pictures in Danish: "Skal vi vaedde en Million" (Shall We Bet a Million?), Tretten Aar (Thirteen Years), and Odds 777. Each was around 2,200 meters long and cost 60,000 to 70,000 crowns. In addition, the company dubbed one film from German and one from Swedish into Danish, and is reported to be dubbing an American film

into Danish. The other company is Palladium Tonifilmselskab (successor to the silent-film company Palladium) with 2 stages and 1 permanent and 1 portable film recorder (Bang & Olufsen). One talking film was produced in 1932, "Han, Hun, og Hamlet" (He, She, and Hamlet). Besides these, an animated cartoon company was formed during the latter part of the year, which plans 8 productions in 1933 with versions in Danish, English, French, and German. Nordisk plans 6 talking features in 1933, 5 light comedies, and 1 crime drama, while Palladium will make 3 "Pat and Patachon" features. There are rumors that another major producing company will be organized early in the summer of 1933.

Distribution.—Including copies, 1,260 films were censored in 1932, of which 1,029 were sound and 231 silent. Of these, 673 came from the United States, 297 were Danish, 226 German, 30 British, 14 Swedish, 13 French, and 7 came from other countries. The American films released were originals with Danish subtitles. The Danish films shown were the most popular (they were popular in Norway and Sweden also) on account of the familiarity of characters and language. Dubbed films have a chance of success, but the films dubbed by Nordisk did not prove very successful, though they ran better in the Provinces than in Copenhagen.

Exhibition.—One theater (the Windsor in Copenhagen, seating 700) was built during the year. Out of a total of 346 theaters in Denmark seating 90,042, 268 are now wired, 51 having been wired in 1932. Danish and German manufacturers, especially Petersen and Poulsen, Bofa, Tobis, and Zeiss Ikon, have most of the business. American equipments number approximately 21. Total box-office receipts averaged about 12,000,000 kronen in 1932. In 24 theaters in Copenhagen, seating 16,983 people, which play to more people than all the other Danish theaters combined, gross box-office receipts for the first 6 months of 1932 were 3,771,355 kronen, as against 3,552,667 kronen during the 1931 period, representing 26 theaters seating 16,997.

Legislation.—While the Danish import trade is governed by a law requiring exchange certificates, films have been on the free list since September 1. There is a large amusement tax, amounting to 40 percent of the admission. A new motion-picture law is being considered. It provides for revised license regulations, decreeing that a portion of the program be devoted to Danish films or films of an educational character. The latter provision was suggested by the Dansk Kulturfilm, a semigovernmental bureau financed by surplus revenues from film censorship, which produces, purchases, and sells historical and cultural films. Further suggestion was made that a "film central" be formed, which would purchase all films for exhibition in Denmark and which would pay renting companies only 15 percent net, instead of 30 percent as at present.

General.—The economic situation brought about reduced attendance in spite of lower admission prices. But, through a general shift in attendance from small low-priced theaters to the large and more expensive Copenhagen theaters, more revenue was realized than during the previous year. Danish films made considerable gains, though American prestige held up well.

FINLAND

By Trade Commissioner Frederick C. Sommer, Helsingfors

Production.—Three features in Finnish were produced in 1932. Each was about 2,500 meters long and the first two were produced by Suomi Filmi O.Y., which also recorded the sound for the third, produced by O.Y. Fennica A.B. A new law effective January 15, 1933, whereby theaters showing 200 meters or more of local film are allowed 5 percent reduction in theater tax, caused a considerable increase in short production. About 60 of these were produced by Aho, Soldan & Co. and a smaller number by Suomi Films. Probably two or three features will be produced in 1933. (A complete list of short subjects produced in 1932 is on file in the Motion Picture Division of the Bureau at Washington.)

Distribution.—About 546 films were censored. Of these, 390 (404,200 meters) were American, 83 (139,035 meters) were German, 31 (17,475 meters) were Finnish, 21 (34,580 meters) were Swedish, 8 (14,310 meters) were French, 3 (6,540 meters) were Danish, and the rest came from Estonia, Italy, Russia, and Poland. American films were mostly originals with Finnish or Swedish subtitles or were dubbed into German. Competition from Germany and Sweden is increasing, but American prestige held up well. The dubbed films were fairly popular.

Exhibition.—No theaters were built or reconstructed during the year. Twenty-two were wired in 1932, making a total of 120 wired theaters out of 221 at the close of the year, 8 having disk equipment only. German, Swedish, and local equipment is mostly used.

Legislation.—Aside from the law mentioned above there was no special legislation affecting American films passed during the year.

General.—Theater attendance declined nearly 50 percent during the year because of decreased purchasing power and high admission charges. The outlook for 1933 is not bright, and theater owners only hope that attendance will not decrease further.

FRANCE

By Assistant Trade Commissioner Earle C. Taylor, Paris

Production.—It should be noted in advance that no reliable statistics are available covering French film production. The following production figures, however, are based on the most commonly accepted estimates, these being the tabulations of the various trade organizations and publications.

The year 1932 established a record for French motion-picture production. One hundred and forty French feature films were turned out in France proper and 17 other French-talking films in the studios of Vienna and Budapest by French firms, which are not to be included as French productions. This figure represents the number of films censored at the end of December. The actual production of feature films, however, is reported as having been 176 pictures, of which only those mentioned above have been presented to the censor. Other sources report the local production as being considerably less than either of these figures. To these feature films (over 1,500 meters) must be added 33 French short films of between

950 and 1,500 meters and 60 educational and other short films of less than 900 meters.

The principal producers of French films were an American company with 24 films produced at Joinville (2 each month), Pathe-Natan 14, Osso 10, and G.F.F.A. 9 feature films.

It has been found impossible to secure any very accurate information on the dubbing situation. However, it is believed that 66 films were dubbed during the year. Of these, 43 were American films, the dubbing being done by 11 different companies; 16 were German with 9 companies doing the dubbing, the rest being films dubbed from Italian and English.

The principal reason for the uncertainty as to the exact number of films dubbed is due to the fact that a number of films which were censored during the later part of 1931 and the early months of 1932 were dubbed without being obliged to request a new censor's visa.

Present indications are that the dubbings during 1933 will be much more important in number. It is reported that Jacques Haik alone will present more than 20 dubbed American films.

The production plans for the local industry for 1933 are announced as embracing the production of more than 150 features. It is felt probable, however, that the actual production may fall considerably short of present plans. It is planned to dub a much larger number of films than were dubbed during 1932.

There are about 26 studios of all sorts in France, including those for photography, sound, and dubbing. All but 1 studio in Nice, 2 in Marseille, and 1 at Nancy are either in Paris or the Paris suburbs. (A complete list of these may be secured on loan from the Motion Picture Division at Washington.)

Distribution.—During 1932 France imported 339 features. Of these, 208 were American, 99 German, 7 British, 6 Russian, 4 each Italian, Belgian, and Polish, 2 Czechoslovak, 1 each Spanish and Austrian, and 3 from various other countries. It should be noted that the United States share of the market dropped to 208 films from 220 in 1931, while Germany's share increased from 60 in 1931 to 99 in 1932.

A number of American-made films with French subtitles were released during the year.

There was a change from opposition to this type of film to general acceptance in Paris and a growing popularity in the Provinces. However, the limitation to 10 theaters (5 in Paris and 5 in the Provinces) has prevented normal development of this particular kind of business.

An increasing number of dubbed films appeared in the market—it is estimated 66 in all. Of this total it is estimated that approximately 37 were of American origin.

There has been a sharp drop in the release of originals using foreign casts. The American and English companies are said to have stopped this type of production entirely, although Germany (principally Ufa) continues, this company producing regularly 12 films per year in French. Some French producers (for example, Osso) are making French-cast pictures abroad, principally because they find capital and facilities there.

The demand for American dubbed films is a constantly growing one. French is the only language which can be used for dubbing

films in this territory. French exhibitors have continually demanded dubbed films throughout the year and to this end intervened with the Ministry of Fine Arts at the time the films regulations were being discussed and drawn up.

Exhibition.—In 1932 about 78 theaters were either built, reconstructed, or being built in France and North Africa. Thirty-one of these were in Paris with a seating capacity of approximately 22,000; 6 were in Bordeaux, 2 in Metz, 4 in Lyons, 3 each in Nice and Marseille, 2 in Nancy, 3 in North Africa, 2 in Algiers, and 1 in Tunis. These were all sound theaters. (A complete list of them may be secured on loan from the Motion Picture Division at Washington.)

As of December 31, 1932, approximately 2,077 theaters were wired out of a total of 2,500, those remaining unwired being mostly very small and rapidly dropping out of existence. No less than 30 types of sound equipment are in use, of which American devices are found in about 500 theaters. Particularly popular makes of local equipment include Etoile, found in 248 houses; Nalpas, found in 244; Resonal, used in 132; and Ideal Sonore, used in 97 houses.

Legislation.—Regarding legislation affecting the interests of American films, the French Government on July 29, 1932, issued a regulation, which, while not actually limiting by quota the importation of American films, affects drastically the American film business in France, inasmuch as the French Government, in the decree, reserved the right at any moment up to June 30, 1933, and without previous notification to stop the importation of American films.

The decree of July 29 introduced three particular principles which will affect the sale of American films in France. First, it provided that original dialog films imported from abroad may only be shown in 10 cinemas, 5 in Paris and 5 in the provinces; second, that the Government will reserve the right to limit from day to day the release of American films dubbed in French; and, third, the adaptation known as dubbing of American films into French must be done in France.

General.—The film situation during 1932 was much the same as during 1931, except that an increasing number of French-made films appeared on the local market. This increase added to the difficulties of the American distributors in securing playing dates for American films.

In 1931 American companies were able to release synchronized and scored versions of American films. In 1932, however, these versions became practically unsalable, as exhibitors demanded dialog films.

The prestige of American films has held up well, although in general the American companies have felt the decline in business. Admission prices are generally lower.

GERMANY

By Trade Commissioner George R. Canty, Berlin

Production.—The total German production of feature films during 1932 is not known exactly, for the reason that no records are available concerning foreign-language versions produced in Ger-

many for export. Actually, 127 German-language features (no silent features) were turned out, as well as an estimated 18 foreign-language versions (mostly in French) or an estimated total of 145.

As production records during the past few years have been calculated on the basis of features censored for domestic consumption (plus foreign versions made, if any), it is thought best, for record purposes at least to continue this practice for 1932. On this basis German feature-film production ran as follows during the past 5 years: 1928, 221 films; 1929, 192 films; 1930, 151 films; 1931, 146 films; 1932, 145 films.

Inasmuch as the existing German contingent regulations (from July 1, 1932, to June 30, 1933) require that dubbed films submitted for censorship must be finished in Germany, it is assumed that the major part of "dubbed production" occurred during the second half of 1932. Available estimates indicate that 18 foreign films were dubbed in Germany during 1932, of which 14 were of American origin, 2 Danish, and 1 each of French and Polish origin.

It is estimated that approximately \$9,191,000 was spent on production during the year, as compared with \$9,850,000 during 1931, and \$12,500,000 during 1930. It is, of course, quite impossible to estimate this sum accurately but only to strike an average on different types of production as follows:

	<i>Total cost</i>
127 German talkies (average cost, \$65,000)-----	\$8, 255, 000
18 foreign-language versions (average cost, \$40,000)-----	720, 000
18 dubbed versions (average cost, \$12,000)-----	216, 000
Total-----	9, 191, 000

Of the 127 German talkies actually produced during 1932, Ufa produced 18, T. K. Tonfilm and Aafa 5 each, Froehlich and Elite 4 each, while 9 companies produced 3 each, 12 companies produced 2 each, and 40 companies produced 1 each. (A list of these companies is on file in the motion-picture division and can be secured on loan.) The 127 features in question were distributed as follows:

	<i>Number and meter length</i>		<i>Number and meter length</i>
Ufa-----	20 (29, 349)	Paramount-----	4 (8, 904)
American-----	11 (27, 298)	Markische-----	3 (7, 410)
Aafa-----	11 (26, 266)	Erich Engels-----	3 (6, 875)
Bayerische-----	10 (24, 182)	Europa-----	3 (6, 780)
Heros-----	5 (12, 123)	Fellner & Somlo-----	1 (2, 778)
Terra-----	5 (11, 316)	Kristall-Film-----	1 (2, 559)
D.L.S.-----	5 (10, 888)	American Company-----	1 (2, 518)
Sudfilm (later Europa)--	4 (10, 257)	Deutsche Eidophon-----	1 (2, 357)
Messtro-----	4 (9, 786)	Vereinigte Starfilm-----	1 (2, 187)
Siegel-----	4 (9, 224)	Marchenfilm-----	1 (1, 682)
Albo-----	4 (9, 204)	District distributors-----	25 (66, 066)

Except for the addition of some portable trucks and dubbing equipment, the German studios were not expanded during the year, so that 13 studios with 32 stages, as reported a year ago, still stand as the German producing capacity.

The studios, together with details of their equipment, are listed below:

Universum Film A.G. (Ufa) Berlin-Neubabelsberg: 9 recording stages; 5 recorders, type "C"; 2 dubbing installations; 2 location trucks, type "Klangfilm a-RP"; 2 trunk recorders, type "Klangfilm E-K-8."

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Jofa studios, Berlin Johannisthal: 10 recording stages; 3 recorders, type "A"; 4 dubbing installations; 1 location truck, type "Klangfilm a Rp."

Kunchner Lichtspielkunst A.G. (Emelka) Munich-Geiseltal: 3 recording stages; 2 recorders, type "A"; 1 dubbing installation.

Ufa-Werbefilm, Berlin Krausenhof (advertising and industrial films): 1 recording stage; 1 recorder, type "Klangfilm a-1-b" (portable).

Deutsche Eidophon Film G.m.b.H., Berlin Marienfelde: 1 recording stage; 1 recorder, type "Klangfilm a-1-b" (portable); 1 dubbing installation; 1 trunk recorder, type "Klangfilm E-K-8."

In addition to the above, the four following-named studios are wired for recording equipment which is temporarily hooked up during sound shooting: Ufa studios, Berlin Tempelhof; Staaken studios, on the outskirts of Berlin; Efa studio, Berlin; Grunewald studios, Berlin.

Distribution.—Feature-film distribution in Germany during the calendar year 1932 declined by 72 films, or 25 percent, as compared with the preceding year, comparative figures being 285 and 213. The loss was absorbed by both foreign products, which dropped from 140 to 86, a decline of 54 films, or 38.5 percent, and domestic features, which, with comparative totals of 145 and 127, showed a loss of 18 films or 12.4 percent. (Figures showing feature-film distribution by companies for the years 1932 and 1931 may be secured on loan from the Motion Picture Division at Washington.)

Of the total number of films distributed in 1931, 20 or more features each were handled by 3 distributors, in 1932 by 2 distributors; in 1931 from 15 to 20 features each were handled by 1 distributor and in 1932 by 2 distributors; in both 1931 and 1932 from 10 to 15 features each were handled by 3 distributors; in 1931 from 5 to 10 features each were handled by 9 distributors and in 1932 by 6 distributors; in 1931, 4 features each were handled by 2 distributors and in 1932 by 3 distributors; in 1931, 3 features each were handled by 6 distributors and in 1932 by 2 distributors; in 1931, 2 features each were handled by 9 distributors and in 1932 by 3 distributors; in 1931, 1 feature was handled by 24 distributors and in 1932 by 15 distributors.

The leading distributors of German features during the past 2 years were as follows:

Distributor	Films in 1931	Films in 1932	Distributor	Films in 1931	Films in 1932
Ufa.....	19	21	Bayerische ¹	10	9
Universal.....	5	11	Terra ¹	5	5
Aafa.....	8	10	Siegel-Monopol.....	1	5

¹ Now in liquidation.

Exhibition.—The economic crisis for the second year kept Germany's theater additions at a low point, and in 1932 only 29 new houses, seating about 14,200, were added. These figures compare with 60 new theaters with 40,000 seats in 1930 and 25 new theaters with 22,500 seats in 1931. No information is available as to the actual net difference in the total number of theaters during the year because no official records are kept of the number of houses that passed into liquidation during the year or closed their doors

for other reasons. It is felt, however, that the number closing their doors by far offset the new additions. It will be seen that of the 29 new theaters, 1 seats more than 2,500, 4 seat from 750 to 1,000, 4 seat from 500 to 750, 13 seat from 300 to 500, and 7 seat less than 300. (A complete list of the new theaters with seating capacity and other details may be secured on loan from the Motion Picture Division at Washington.)

At the end of 1932 there were 5,100 theaters with about 1,990,000 seats in Germany, including the Saar and Memel districts and Danzig. Compared with previous years, this means a further decrease of motion-picture houses and a further increase of seats. In other words, the tendency for concentration in the Germany film industry and the tendency for a greater capacity has continued. While, for instance, in 1924, 59.7 percent of all theaters contained up to 300 seats and 1.8 percent of the theaters had more than 1,000 seats, the figures for 1932 are 53.2 and 3.6 percent, respectively—a rather significant change.

On the other hand, a further increase in the number of seats, combined with a reduced number of visitors and reduced receipts along with increasing overhead expenses, will result in declining profits and a real struggle for existence. These facts are resulting in smaller entrance fees, free distribution of programs, bankruptcies, financial difficulties, and so on. The German film houses are over-seated, even considering the fact that during recent years they have only grown in proportion to the population. The reduced purchasing power of the population has been a decisive factor also. (Detailed figures showing the development of German theaters on the basis of seating capacity during the past 14 years may be secured on loan from the Motion Picture Division.)

About 70 percent of the German theaters are now wired for sound. It is estimated in reliable trade circles that 3,600 theaters were wired for the reproduction of sound at the end of 1932, which would indicate that approximately 1,000 houses were wired during the year under review. Tobis and Tobis-Klangfilm and Kinoton equipment together exceed all other installations.

In round figures, it is estimated that from 1,400 to 1,500 theaters still remain unwired. It is calculated that 400 or 500 of these will be wired this year or at least before the end of the next film season in June 1933, and that this represents fairly accurately the saturation point. Trade leaders feel that 1,000 of the existing theaters will never be able to support sound equipment and that unless converted into more adequate houses they will, in the natural course of events, be obliged to close their doors.

General.—The German film industry experienced a very trying year, although it bore up fairly well in comparison with other trades under the continued depression. Ufa, the leading film organization on the Continent, reported a profitable year, paying a 4 percent dividend as against 6 percent last year, while Aafa, operating on a considerably smaller capital, declared an 8 percent dividend as compared with 10 percent for the previous year. Such old-time leading companies as the Emelka, Sudfilm, Deutsches Lichtspiel Syndikat (D.L.S.), Messtro-Film Verleih. G.m.b.H., Terra,

Nationalfilm A.G., and Heros, as well as some others of lesser importance, went out of business for one reason or another during the year. Efforts are under way in a few of these cases to carry on under new arrangements in order to salvage as much revenue as possible for stockholders.

Film output held up remarkably well quantitatively, despite limited credit, but quality production was below the German average and resulted, along with lowered purchasing power of the public, in continued decreased theater receipts. New theaters were built where necessary to cope with sound-film conditions, while the amazing progress registered in wiring houses revealed a strong tendency to build for future business. Foreign revenues subsided on account of exchange restrictions in hitherto strong markets for German films, which placed producers at a considerable disadvantage and resulted in still more stringent credit. The inadequate small theater continued to disappear, although no records are available to estimate its relative importance.

German companies report a strong demand for talkies in German in the three Scandinavian countries, Finland, the three Baltic States, Netherlands, Switzerland, Austria, Hungary, Czechoslovakia, and the Balkans, although, of course, exchange controls and currency depreciation in these markets seriously interfered with financial returns. French-language versions made in Germany continued to enjoy most satisfactory yields in French-speaking countries, especially France and Belgium.

Contingent problems in Czechoslovakia developed during the year and caused considerable political and financial embarrassment to Germany. German talkies are still forbidden to be shown in Poland.

Export markets have a great bearing on the success of the German film industry, and every effort, official and otherwise, seems to be made to encourage this form of business.

Import difficulties encountered by American firms in operating under the German contingent, together with a shortage of films incident to the language barrier, kept American business down, but results in this connection during 1932 were unquestionably superior to those of the previous year. This improved business was very likely due in part to lack of spirited competition from the German films.

It was difficult to measure demand with any degree of accuracy. For example, American dubbed films did fair business, but whether this would have been so with a better supply of domestic talkies on the market is conjecture. It seems to be the opinion of many trade leaders that dubbed films have but little demand in Germany at best, especially in view of the expense involved in meeting the contingent requirements for their distribution. A change in the future make-up of films to more action and less dialog would unquestionably increase the demand for dubbed products just as it would the demand for English talkies with superimposed titles in German, with decision left to local exchange managers as to which of the two would be preferable.

American films, particularly of the super class, with attractive artist names and with stories that are at least understandable and not too complicated, are meeting with a growing yet limited de-

mand. The really big films that include so-called "international artists" enjoying local popularity seem to meet with continued success.

GREECE

By Assistant Commercial Attaché Ralph B. Curren, Athens

Production.—Three films were produced, "The Lover of the Shepherd Girl", "Greek Rhapsody", and "Such is Life." The dialog and music for these were put on at a French studio, as Greece has no sound studios. Olympia Film, Didritz Film, and Hellenic Cinema Co., produced the silent portions of these.

Distribution.—During the 1931-32 season 225 features were shown—133 American, 42 French, 33 German, 7 British, 4 Italian, 3 Greek, 2 Turkish, and 1 Russian. In addition 30 silents were shown, nearly all from the United States. A considerable portion of the American films were versions dubbed into French and were received favorably, though these will become less popular as better original French and German films appear. German musical operetta is becoming more and more popular.

Exhibition.—Two new theaters were constructed, one the Pallas (seating capacity 2,200) being the largest and best equipped theater in Greece, with all modern conveniences. The other, the Iris (seating capacity 500), is a small second-run house. Both are in Athens. The Mondial, a former vaudeville house in Athens, has been turned into a film theater. Thirty-six theaters were wired in 1932, 27 for film and disk and 9 for disk only. Only one of these has American equipment. Thus, as of December 31, 1932, out of 125 theaters in Greece, 93 are wired, 73 with sound on film and 20 with sound on disk. Of these about 58 have locally assembled equipment and 13 have American equipment.

Legislation.—A quota system on film imports was established in May 1932, the quota for the coming year being a cut of about 45 percent under previous imports. Only established importers who have handled films for their own account between 1929 and 1931 are entitled to a share in the quota, which is designed to check the outflow of foreign exchange. Import duties were also increased by two thirds, but the entertainment tax was lowered by 50 percent.

General.—The last theatrical season showed no improvement over the previous one and most theater owners showed only a very narrow margin of profit.

HUNGARY

By Commercial Attaché Frederick B. Lyon, Budapest

Production.—Eight sound features were produced at the Hunnia Studio in Budapest. There were: "Czokolj Meg Edes" (Kiss Me, Dear), produced by Pless Film (length 2,771 meters, cost about 70,000 pengos); "Piri Mindent Tud" (Piri Knows Everything), Phoebus Film (length 2,100 meters, cost about 130,000 pengos); "Lelkek a Viharban" (Souls in Storm), produced by Inre de Nadosy (length 2,500 meters, cost unknown); "The Old Crook," produced by Ufa Film Berlin with a German version (length 2,800 meters, cost about 700,000 pengos). Four films were produced by

Osso, a French firm, at a total cost of about 2,000,000 pengos. These were "Un Fils d'Amerique" (2,300 meters) in French; "Spring Shower" (2,100 meters) in Hungarian, French, and English; "Rouletabille Aviateur" (2,000 meters) in French and Hungarian; and "Le Roi des Palaces" (2,300 meters) in French. In addition, the Hungarian Government Film Bureau produced 4 sound shorts, 31 industrial, and 9 educational sound and silent shorts. This agency and the Hunnia are the only sound studios in Hungary. In 1932 the Hunnia studio nearly doubled its space through a loan of 200,000 pengos by the Osso Co., representing studio rentals paid in advance. It has now 2 working stages and the Hungarian Film Bureau 1. This company will probably produce about 8 features at the Hunnia in 1933, these to be in French with Hungarian versions for 4 of them. The usual shorts and educational will also be produced.

Distribution.—During 1932, 797 films (811,195 meters) were released, of which 666 (713,562 meters) were sound. Of these, 298 sound (307,579 meters) and 24 silent came from the United States; 211 sound (308,581 meters) and 13 silent from Germany; 18 sound (38,988 meters) and 42 silent from France; 126 sound (42,067 meters) and 42 silent from Hungary; and the rest from other countries. Based on sound films and a footage basis, pictures from the United States commanded 43.2 percent of the market, those from Germany 43.4 percent, those from Hungary 5.9 percent, and those from France 5.4 percent.

The majority of the American films were in English with superimposed titles and were successful in inverse proportion to the amount of dialog they contained. A large number of dubbed films in German were also released, and the better ones, including an American film, were very successful.

Exhibition.—Three new picture houses were built: City Filmszinhaz (467 seats) and Hunnia Filmszinhaz (370 seats) in Budapest, and Jokai Mozgokepszinhaz (336 seats) in Papa. During 1932, 52 houses were wired, making a total as of December 31, 1932, of 250 wired houses, of which 229 had sound on film and disk and 21 sound on disk only. Nearly all the equipments are either German or locally assembled. There are 436 registered theaters in Hungary, of which about 135 are auditoriums, exhibition halls, and the like.

Legislation.—No major legislative action affecting the Hungarian film trade was enacted in 1932. Slight changes, however, were made in the price of import certificates and film-fund fees, the latter in order to give support to the film laboratories in Hungary engaged in making Hungarian titles for foreign films. Special note should also be taken of the rigorous foreign exchange restrictions, which rendered payments in foreign moneys for imported films almost impossible.

General.—Outstanding facts of the year were the larger local production, the greater part of which was for foreign, particularly French, account; the considerable falling off in box-office receipts due to the economic crisis; and the continued American film prestige in the face of adverse factors.

ITALY

Office of Commercial Attaché, Rome

Production.—Twenty-one sound films were produced in 1932, 19 in Italian with 2 French versions. Thirteen and the two French versions were produced by Cines-Pittaluga, 5 by Caesar Films, and 1 by Titanus Films. In addition, 62 Italian shorts were produced. No new studios were erected or enlarged and no studio expansion is contemplated for 1933. (The Motion Picture Division at Washington has on file the names and other information relating to the features mentioned. These will be loaned to inquirers on application.

Distribution.—During 1932, 231 features were shown, including 103 talking, 109 sound, and 17 silent. Of these the United States contributed 125 (52 talking, 68 sound, and 5 silent); Germany 43 (21 each talking and sound and 1 silent). Of the features shown, 83 were dubbed, 55 in Italy (American 27, German 18, French 7, others 3) and 28 abroad (American 25, German 3). In general, Italian films have displaced American as the most popular, the most successful ones having surpassed records held up to now by the best American pictures.

Exhibition.—No new theaters were constructed, but 8 were reconstructed, adding 9,550 seats. Among these were included the Adriano in Rome (2,500 seats), the Genovese in Genoa (2,000 seats), the Verdi in Milan (1,800 seats) and the Ambrioso in Turin (1,600 seats). Four hundred and twenty-nine theaters were wired during 1932, 116 for film and disk, 305 for film alone, and 8 for disk alone. Three hundred and fifty-five of the equipments were of Italian make, 52 German, 12 British, 6 American, and 4 French. There are about 4,000 theaters in Italy, which includes any building which is capable of use as a projection hall for even a small audience. As of December 31, 1932, 949 of these were wired, 711 with Italian equipment, 101 with American, 99 with German, 20 with British, 14 with French, and 2 each with Austrian and Dutch.

Legislation.—No new legislation affecting American films is in immediate prospect. A law has been considered limiting dubbing to producing companies, which would force the dubbing of American films in Italy, but it has not yet received serious consideration.

General.—Motion-picture receipts fell off about 50 percent from the preceding year, particularly in the key towns from which the bulk of the revenues are derived. American films have fallen off, and now only those of the very highest rank have much possibility of success in Italy. The swing in favor of Italian films is particularly noticeable.

LATVIA

By Commercial Attaché Lee C. Morse, Riga

Production.—No sound films were produced in Latvia. Of silents 53 news reels, 5 educationals, and 12 advertising films were made. One educational film was made on a large scale with the cooperation of the Army.

Distribution.—There were 645 films censored in Latvia in 1932. Of these, 302 (339,131 meters) came from the United States, 218

(358,968 meters) from Germany, 70 (15,597 meters) were domestic, 20 (25,804 meters) from Russia, 13 (15,722 meters) from France, and the rest from England, Austria, Denmark, etc. Based on the length in meters, German films commanded 45.1 percent of the market as against 42.6 percent for American films. Four hundred and ninety-three were sound films and 152 silent; of the former, 274 (164 in English, 95 in German, 8 in French, 2 in Russian, and 4 others) came from the United States and 187 from Germany (186 in German and 1 in Russian). The prestige of American films was high, particularly for those pictures where music and songs predominated; but American originals in German were preferred to dubbed films or English with Lettish subtitles. (Detailed figures as to types of films distributed, etc., are available in the Motion Picture Division at Washington.)

Exhibition.—Two new theaters were built, the Lido and Odeon Palace (each 350 seats) in Riga. Six theaters were also reopened. During the year 14 theaters were wired, making, as of December 31, 1932, a total of 47 theaters wired out of 88 in the country. In Riga 25 out of 34 theaters are wired. Locally assembled or German equipment predominates.

Legislation.—Attempts were made to pass a law establishing a film monopoly by which all imported films would have to be passed by a government distributing agency. This was defeated, however.

General.—Attendance at theaters decreased considerably, owing to the economic conditions.

LITHUANIA

Office of the American Consul, Kaunas

Production.—There is no production of feature films and no studios. Small firms exist for the purpose of preparing subtitles and for developing films. One of these has produced a number of shorts (total length about 18,000 meters) showing scenes of Lithuanian life. There are also several cameramen who specialize in taking scenes of current events.

Distribution.—About 486 films were censored for release in 1932 as against 413 in 1931. Approximately 25 percent of these were from the United States, the others being nearly all German. Practically all were sound films.

Exhibition.—Two new theaters were opened during the year and 12 were closed. The 2 new theaters were the Lyra located at Plunge and the Dziugas located at Telsiai. This makes a total of 67 theaters in Lithuania, exclusive of Memel which has two theaters. Seventeen theaters were wired during the year, all with sound on film, making a total of 42 wired as of December 31, 1932. Twenty-two have sound on both disk and film, 12 sound on film alone, and 8 sound on disk alone.

Legislation.—A new censorship law in effect September 1, 1932, requires all titles and subtitles in Lithuanian and that a small proportion of films of Lithuanian life be shown at each performance.

General.—Business decreased considerably during the last half of 1932, owing to increasing financial difficulties among the

Lithuanian people and to an increase of 15 percent in the price of tickets because of the establishment of an amusement-tax law (Aug. 1, 1932). The outlook for 1933 is not promising.

NETHERLANDS

By Commercial Attaché Jesse F. Van Wickel, The Hague

Production.—The Barnstyn studio is the only one in the Netherlands. It has one stage, a single film recorder, and two location trucks. In 1932 it produced six shorts in the Dutch language of an estimated length of 10,000 feet. It also turned out 104 newsreels and about 10 educationals all in sound. There is no prospect of expansion of production activity during 1933.

Distribution.—A total of 337 sound features were submitted for censoring in 1932. There were also 50 silent features, 947 sound shorts, and 543 silent shorts. Of this number, 155 sound features and 14 silent came from the United States, 153 sound and 18 silent from Germany, 11 sound and 3 silent from France, 9 sound and 2 silent from England, and the rest from other countries.

As for the short subjects, 496 sound and 76 silent came from the United States, 214 sound and 83 silent from Germany, and 145 sound and 332 silent from the Netherlands. The United States contributed 46 percent of the number of sound features shown, as against 45.4 percent from Germany, and 52.4 percent of the sound shorts as against 22.6 percent and 15.3 percent from Germany and the Netherlands, respectively.

American films were about 90 percent in English with Dutch subtitles, 7 percent dubbed, and 3 percent originals. American prestige was maintained, owing to the showing of films with more action and less dialog. Trade opinion regards films with Dutch subtitles as better suited than dubbed films. Since German is fairly well understood, German versions of several American films were shown.

Exhibition.—Four new theaters were built. These were the Royal (700 seats) at Roermond, the Cinema Palace (800 seats) at Hoensbroek, Schouwberg (500 seats) at Zutphen, and Studio 1932 (300 seats) at Rotterdam. The first two and the last have film and disk, the third film only. The Roxy, in The Hague, and New Central, in Helmond, each added 100 seats. Many houses were redecorated and otherwise improved to meet the demand for better theaters. A few theaters in small towns closed. Eighteen theaters were wired in 1932, 9 for film and disk, 7 for film, and 2 for disk only. This makes a total of 233 theaters wired out of 253.

Legislation.—There has been no legislation which specifically affects American films adversely.

General.—As a result of the continuance of economic difficulties, theater attendance recorded a substantial decrease which could not be overcome even with reduced admission prices. Distributors in most cases had to be satisfied with smaller rentals, and there was a more restricted demand for films, especially expensive features. Yet it was these that drew the largest attendance.

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Legislation.—A new censorship law in effect September 1, 1932, requires all titles and subtitles in Lithuanian and that a small proportion of films of Lithuanian life be shown at each performance.

General.—Business decreased considerably during the last half of 1932, owing to increasing financial difficulties among the

Lithuanian people and to an increase of 15 percent in the price of tickets because of the establishment of an amusement-tax law (Aug. 1, 1932). The outlook for 1933 is not promising.

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Legislation.—There has been no legislation which specifically affects American films adversely.

General.—As a result of the continuance of economic difficulties, theater attendance recorded a substantial decrease which could not be overcome even with reduced admission prices. Distributors in most cases had to be satisfied with smaller rentals, and there was a more restricted demand for films, especially expensive features. Yet it was these that drew the largest attendance.

NORWAY

By Trade Commissioner Gudrun Carlson, Oslo

Production.—Five sound features in Norwegian were produced in 1932. These were: *En Glad Gutt* (A Happy Boy), *Fantegutten* (The Vagabond Boy), *Lalla Winner* (Lalla Wins), *Skjaergaards Flitt* (Seacoast Flirt), and a film for Bjornson's Centenary. Another film, *Vi Som Gaar Kjekkenveien* (We Who Go the Backway), has been credited to Norwegian production, but this is really the Norwegian version of a Swedish sound film produced by Svensk Filmindustri. The film on Bjornson's Centenary is really of an educational nature and was produced by the Kommunernes Filmcentral. The other films were produced by John Brunius, Viking Film, Nordisk Tonefilm, and Rasmus Breistein.

There are no regular film studios in Norway, and the films mentioned above were taken in either Swedish or Danish studios. Plans for 1933 include two films starring a local revue actor and four other features, to be taken in Sweden, both in Norwegian and Swedish. It is possible that Norsk Film A/S (first established in 1931) may build a studio for sound production.

Distribution.—During 1932, 401 (388,802 meters) American films were censored for release as against 202 (243,138 meters) from other countries. Most of these were German, with a few from England, Sweden, France, and Russia in that order. All but 76 were sound films. Nearly all the American pictures were in English with Norwegian subtitles. These did not present any real difficulty, as English is surprisingly well understood. Dubbed films are not popular. American prestige held up very well, though German films made some slight headway.

Exhibition.—Two theaters were built during the year, these being constructed by the municipalities of Porsgrund and Tonsberg. They seat 550 and 700, respectively. Thirty-six theaters were wired during the year, making as of December 31, 1932, 104 theaters wired out of 239 houses in the country. Of these, 29 have Klangfilm, 28 American equipment, 21 Norsk Junior, 10 Nordisk, 10 Webster (Norwegian), 5 Bauer, and 3 Aga Baltic. Nearly all are sound on film.

Legislation.—No legislation which would affect American films adversely is at present in effect.

General.—There was very little change in the general film situation; in 1931, 4 features each were handled by 2 distributors until economic conditions improve.

POLAND

By Assistant Trade Commissioner Gilbert Redfern, Warsaw

Production.—Eight features, averaging 3,000 meters in length and costing about \$20,000 each, were produced. All were in Polish, and the sound was recorded either by Tobis-Klangfilm at the Falanga studio in Warsaw or on a Celenophon (Austrian) recorder with German microphone and Polish amplifiers, these belonging to the

D'Alben studio in Warsaw. The names of the features and their producers are: *Ksiezna Lowicka* (Princess of Lowicz), Muza Film; *Glos Pustyni* (The Voice of the Desert), B-W-B; *Sto Metrow Miłosci* (100 Meters of Love), Patria Film; *Romeo i Julcia* (Romeo and Juliet), Belle Film; *10 percent Dla Mnie* (10 Percent for Me), Leo Film; *Bialy Slad* (The White Trail), Aster Film; *Palac Na Kol-kach* (The Palace on Wheels), D'Alben Studio; *Escapada* (The Escapade), Film Studio. The two studios referred to are the only sound studios in Poland, although there are several silent ones. The sound studios have one stage each with an annual capacity of about 20 features apiece. Studio expansion in 1933 is improbable, but the number of pictures scheduled may reach 15 if funds are available.

Distribution.—For the year 1932 no definite figures have been issued, but from the best sources obtainable it is believed that something over 700 films of all sorts from the United States were shown as against 300 from all other countries.

All the American-made dialog films were in English with Polish subtitles. In general, the Poles seem satisfied with this, and even though the language is understood by few, the quality of American films compensate for this. No European-made film attracted particular attention, and the local products shown made appeal largely on their historic and nationalistic basis. There has been generous praise, both from the trade and the public, as to the high average quality of American features throughout 1932. Jungle pictures incidentally proved particularly popular.

Exhibition.—While no official figures are available it is estimated that about 10 new theaters were opened and 5 were rebuilt, adding about 4,000 seats. About 200 theaters were wired, making a total of around 342 out of 770 theaters of a purely entertainment character. Over 200 installations consist of locally assembled sets and a scattering of many varieties of minor makes. In addition there are 40 each of American makes and Tobis Klangfilm, 29 Zeiss Ikon, 14 Gaumont, 10 Phillips (Dutch), 5 Moviephone, and 4 Marconi.

Legislation.—During the latter part of 1932 it looked as though the authorities would enact a meterage tax as a contingent subsidy for the domestic industry, but this was withdrawn, at least temporarily, when it was seen that its imposition would eliminate all profit from film exchanges and compel them to withdraw from the country.

General.—There was very little profit to the trade in 1932, and the exchanges did not do much better than meet overhead expenses. High taxes, taking in many cases between 30 and 40 percent of the box-office gross on foreign films, served as further detrimental influence both to the exhibitor and the public.

PORTUGAL

By Commercial Attaché Richard C. Long, Lisbon

Production.—One silent feature entitled "*Campinas do Ribatejo*" (length 2,000 meters, cost approximately \$10,420) was produced by Lisboa Films. A number of silent shorts, mostly of the educational

variety, were also produced as follows: Lisboa Films, 70; Ulysses Films, 40; Seculo Cinematografico, 28. The construction of a studio by the Portuguese branch of Tobis Klangfilm was started near Lisbon, to be opened in April, but there will probably be no expansion of production in 1933.

Distribution.—For the first 11 months of 1932 there were shown 393 films (365,399 meters) from the United States, 107 (103,334 meters) from Germany, 91 (94,352 meters) from France, and 22 (12,011 meters) from England. These were all sound films. Of the American films, about 90 percent are in English with Portuguese subtitles, the others being originals or dubbed in French or Spanish. Conservative trade opinion inclines toward dubbed films (preferably in Spanish), but there is a great demand for films in English with explanatory subtitles—where the American stars can appear to advantage. American films now have the highest prestige, since sound films appeared, owing to the greater amount of action in them and the generally high-class type recently shown. Toward the end of 1931 it looked as though German films would largely displace the American product, but the pendulum has now swung so far back that a prominent distributor of German and French films has had to take on American films as well to satisfy his customers.

Exhibition.—One legitimate theater, the Ginnasio in Lisbon (seating capacity 850), was turned into a film theater; 65 theaters were wired, 55 with both film and disk, 10 with sound-on-film only; 17 used American equipment. As of December 31, 1932, 107 out of 250 theaters have been wired, 92 with both disk and film, 5 with sound on disk only, and 10 with sound on film only. About 30 have American makes, 22 Baner, 12 Tobis Klangfilm, 12 Pratofone, 8 Nietzsche, 7 Philipsonor, and 4 Ganmont.

Legislation.—One hundred meters of Portuguese-produced film must be shown at each performance. This amount may be increased if Portuguese production increases. Also Portuguese dubbing may have to be done in Portugal.

General.—The general film situation was worse than in 1931 from the standpoint of attendance, which, though higher in Lisbon, showed a marked drop elsewhere. However, the quality of films improved and theater wiring was nearly 100 percent higher than in the previous year.

RUMANIA

By Acting Commercial Attaché Kenneth M. Hill, Bucharest

Production.—There are no motion-picture companies or studios in Rumania. At least one attempt was made to form a local production company, and the Government endeavored to be of assistance by decreeing an import tax of 8 lei per meter on foreign films. The law, however, was declared unconstitutional by the legislative council and was consequently withdrawn. Without such assistance the project collapsed, but it is possible that new attempts at production will be made in Rumania.

Distribution.—Of 338 (625,674 meters) features censored in 1932, 156 (276,728 meters) or 46 percent came from Germany, 136 (266,-

996 meters) or 40 percent from the United States, 36 (63,301 meters) from France, and 10 from other countries. There were 155 short subject and news reels shown, of which 110 came from the United States. This makes a total of 493 films distributed in Rumania in 1932. About 75 of the American films were dubbed in German or French and all, including those shown in English, had Rumanian subtitles. German is the foreign language best understood in commercial circles, with French secondary. People usually prefer dubbed films. If the artistic quality of the picture is high, however, the public has no objection to films in English.

Exhibition.—Four new theaters were constructed: Izbanda (700 seats) and Lux (400 seats) in Bucharest, Central (400 seats) in Braila, and Tivoli (500 seats) in Timisoara. Three theaters—Tomis (100 seats), Bucharest, and Urania and Corso (each 100 seats), Arad—were reconstructed. These seven theaters were the only ones wired (sound on film) in 1932, making a total of 220 wired out of the 400 theaters in Rumania. Most of them have locally assembled equipment.

Legislation.—Aside from the attempted import tax, Rumanian legislation centered on an attempted increase in the entertainment tax, which was unsuccessful, owing to a 1-day strike of exhibitors. Rigid currency restrictions, however, had an adverse effect.

General.—The general film situation, while less satisfactory than in 1931, held up very well. American film prestige was enhanced by a number of inferior German and French films shown, and a number of productions from the United States featuring popular stars were very successful.

SPAIN

By Assistant Commercial Attaché Julian C. Greenup, Madrid

Production.—Six sound features and six or eight sound shorts and news reels were produced in 1932. In addition, a number of silent news reels were made. The features are: Pax (2,500 meters, estimated cost 600,000 pesetas); El Ultimo Dia de Pompeyo (2,200 meters estimated cost 125,000 pesetas); Carceleras (2,800 meters, estimated cost 300,000 pesetas); El Hombre que se reia del Amor (2,500 meters, estimated cost 450,000 pesetas); El Sabor de la Gloria (2,000 meters, made over from a silent); Yo Quiero que me lleven a Hollywood (1,400 meters, synchronization made in Paris). These were all products of Orphea Films S.A. (except the last, which was made by Star Films). Several were made for other firms. A French version of one was also made. There are no fully equipped studios, Orphea Films, the largest, occupying one of the buildings (Palacio de la Quimica, Montjuich) of the recent Barcelona exposition. It is a French organization with headquarters in Paris. Another Barcelona concern, Estudios Cinematograficos Trilla La River, is also in one of the old exhibition buildings and specializes in dubbing. Last year this organization did the Spanish dubbing for three German productions "Rasputin" (3,000 meters, estimated cost 35,000 pesetas), Isabel de Austria (3,000 meters, estimated cost 40,000 pesetas), and Muchachas Casaderas (2,500 meters, estimated

cost 32,000 pesetas). Several other concerns have attempted to organize, and in certain cases stock has been offered and studios have been started, but none except those already mentioned are likely to produce pictures in 1933.

Distribution.—According to a compilation of several unofficial but reliable surveys, 530 features (almost all sound) were shown. Of these, 332, about 63 percent, came from the United States. However, this percentage would be somewhat higher if American films produced in France were taken into consideration. On a footage basis, figures for the first 11 months of 1932 show United States 65.4 percent, France 19.6, Germany 11.6, England 1.7 percent, and the rest from other countries. Foreign firms entering most actively into this trade were Emelka (12), Aafa (20), and Ufa (14) from Germany; Gaumont (16) and Osso (10) from France; Pittaluga (12) from Italy; and British International Pictures (12). Most of the American pictures had superimposed titles with about 30 dubbed. Dubbing must be very well done and dialog at a minimum to be acceptable. Musicals and action films are popular. The United States sent over a number of excellent films, which increased American prestige and caused less adverse criticism than ever before.

Exhibition.—Approximately 25 new theaters with a combined seating capacity of about 25,000 and 11 reconstructed theaters with around 10,000 seats were added in 1932. Among these were several of the first rank, including the Coliseum in Madrid (seating capacity 1,600), which has a system of modern air conditioning, and the Carrion, also in Madrid (seating capacity 2,000). (A complete list of these theaters may be secured on loan from the Motion Picture Division at Washington.) There are about 2,500 theaters in Spain, including many which exhibit only 1 or 2 days a week. Of these, 487 were wired in 1932, which makes a total (Dec. 31, 1932) of 939 wired. About 150 have American equipment, 211 Orpheo Sincronic, 56 Sincrofilm, and about 200 miscellaneous.

Legislation.—The most important legislative enactment of the year was the law levying 7½ percent on all revenues from the sale or rental of motion pictures. A film quota law was also agitated by which exhibitors should show at least 10 percent of Spanish-produced films. This, however, never crystallized into the form of a law offered to the Spanish Parliament, nor is any definite move likely to be made until Spanish production increases.

General.—Motion-picture theater receipts decreased by 5 to 20 percent, but, even so, a large number of new theaters were built, an even greater number were wired, and more films of a higher average quality were shown than ever before.

SWEDEN

By Commercial Attaché T. O. Klath, Stockholm

Production.—No less than 23 sound features and 1 silent feature were produced by 10 different companies. Two outstanding shorts as well as a number of news reels and cultural subjects were also produced. The following table gives the details of production and studio space.

SWEDISH PRODUCTION OF FILMS, BY COMPANIES, 1932

Company and location	Films produced	Type	Language
Svensk Filmindustri, ¹ Stockholm	Karlek och Kassabrist.....	Comedy.....	Swedish.
	Kronans Rallare.....	do.....	Do.
	Svarmor Kommer.....	do.....	Do.
	Varmanningarne.....	Musical.....	Do.
	Pojkarna på Storholmen.....	Comedy.....	Do.
	Lyckans Gullgossar.....	do.....	Do.
	Vi som ga Koksvagen.....	do.....	Do.
Europa Film, Stockholm.....	Ett skepp kommer lastat.....	Revue.....	{Norwegian. Swedish.
	Soderkakar.....	Comedy.....	
	Muntra Musikanter.....	do.....	
Publik Film, Stockholm.....	Skraddarkarlek.....	do.....	Do.
	Brodera Ostermans Huskors.....	do.....	Do.
	Karleksexpressen.....	do.....	Do.
	Tva hjartan och en skuta.....	do.....	Do.
	Hustru för en dag.....	do.....	Do.
Ek-Film, Stockholm.....	Sten Stensson Steen.....	do.....	Do.
	Augustas Lilla Felsteg.....	do.....	Do.
Svea-Film, Stockholm.....	Jag gifta mig-aldrig.....	do.....	Do.
Triumvir-Film, Stockholm.....	Moderna Fruar.....	do.....	Do.
Irefilm, Stockholm.....	En Stulen Vals.....	Musical comedy.....	Do.
Swedish Movietone, Stockholm.....	Bomans Pojke.....	Comedy.....	Do.
Svensk-Kulturfilm, Stockholm.....	Landskamp (silent).....	Propaganda.....	Do.
G. Sandin, Segeltorp.....			
Hasse W. Tulberg, Stockholm.....	Industrials only.....		
Camex, Stockholm.....			

¹ This company also produced two shorts in Swedish "Tange" and "Gamla Stan." A new company, Nordisk Ton Films Produktion, was established during the year and two or three more producers will probably start activity in 1933. Also the Standin studio will probably be increased to two or three stages in 1933. All told, it is estimated that possibly as many as 40 Swedish features may be produced in 1933.

Distribution.—The Swedish Film Censoring Bureau in 1932 examined a total of 4,202 films (including copies) having a length of 3,940,053 meters. Of these, 1,750 (1,776,783 meters) were American, 1,733 (1,226,089 meters) were Swedish, and 719 (937,181 meters) were from other countries. Of the total number 2,039 films were news reels, nature pictures, etc.

Practically all pictures distributed were with sound.

American films, which during 1931 lost some ground in the Swedish market to German pictures, in 1932 regained their position among imported films during the latter part of the year, although a certain decline was again visible shortly before the end of 1932.

All American-made films distributed in Sweden in 1932 with one exception were in their original cast and language with subtitles in Swedish. Only one dubbed film was shown during the year under review and the complete failure of this picture would indicate that dubbed films have no future in the Swedish market. It may well be stated that good American pictures in the English language and with subtitles in Swedish have a good market in Sweden, since English is quite well understood, particularly in the larger cities. Furthermore, the public by now has become rather accustomed to English talking pictures. The temporary upswing of German films in 1931, which was not due to the German language being preferred to the English, now appears to have ceased in favor of the growing popularity of Swedish pictures.

Exhibition.—Six new theaters were built. These were: Paraden, Stockholm (625 seats); Narva, Stockholm (400 seats); Teaterbiografen, Jonköping (450 seats); Capitol, Helsingborg (520 seats); Lundbybiografen, Lundby (300 seats); Central, Skara (300 seats).

Seven were reconstructed, these being the Rico and Sibyllan, Stockholm (482 and 486 seats); the Bio-Rita, Hudiksvall (195 seats); the China, Falaoping (402 seats); the Olympia, Boras (312 seats); and the Venns, Husqarna (379 seats); a total of 2,256 for all 7. Only 56 seats were added to their original total.

During 1932, 42 theaters were wired, making as of December 31, 1932, 718 wires houses. This includes practically all the theaters in the country, for while the official total is given as about 890, nearly 200 theaters which show films for one or two nights each week transport their equipment from place to place. About 300 theaters have Swedish equipment, Aga-Baltic with 101 being the leader. German devices come second with 162, of which 93 are Klangfilm. In addition there are 92 Danish devices and about 80 from the United States. Nearly all these makes are for sound-on-film. Many other theaters replaced old reproducers with more modern devices.

Legislation.—There has been no adverse legislation, except that censor fees will probably be raised on first copies and lowered on others. Swedish films, of which many more copies are distributed, would benefit as against those imported.

General.—The year 1932 was a successful one for the Swedish motion-picture industry. The silent picture practically disappeared. With nearly all of the cinemas in Sweden equipped with some kind of sound-reproduction apparatus, the demand for Swedish talkies, particularly in the rural districts, has increased considerably as compared with foreign pictures.

Furthermore, the Swedish motion-picture industry appears to be regaining its former position in the international market. Aktiebolaget Svensk Filmindustri, the leading film producer in Sweden, recently made arrangements with distributors in England, Italy, Spain, Poland, and Rumania for distribution of several pictures during 1933. This is quite remarkable, since the Swedish language is little understood outside of the Scandinavian countries. Several trials have been made with subtitles in the respective languages with good results reported.

It is notable that despite the prevailing business depression, which has made most Swedish branches of activity suffer heavy losses during the last two years, the motion-picture producers and exhibitors seem to have maintained their position very well. No statistics showing total box-office receipts during 1932 are available, but it is believed that there is practically no change from the preceding year when the gross revenue was about 30,000,000 crowns.

SWITZERLAND

By Assistant Trade Commissioner John T. Harding, Berne

Production.—There was no marked change in production from the previous year. Four feature films were completed or under way and quite a number of sound and silent industrial and educational films were put out, most of them by seven producers. Of the features a 2,700-meter sound version of the Battle of Tannenburg, produced by Praesens A. G. of Zurich, and a film entitled "Die Herrgotts Grenadiere," produced by Gefi of Berne, were the most note-

worthy. The former was taken in Germany, and sound work on the latter was also done in German studios there being no sound studios in Switzerland. Sound equipment can be very easily rented from Germany.

Distribution.—No statistics are available on distribution, but German, French, and American films (in that order) commanded the market. Films in English with subtitles in French or German became increasingly difficult to place, but better success was achieved by dubbed films. This type, if well done and if action, songs, and music take the place of dialog, is probably best suited.

Exhibition.—There will be no special changes during the year as regards theaters constructed or reconstructed. Figures show that at the end of the year there were 327 theaters seating about 121,200.

During 1932, 30 theaters were wired, 15 with sound on film, 2 with sound on disk, 9 with both, and 4 unknown. Thus as of December 31, 1932, 201 theaters were wired, 103 with sound on film, 6 with sound on disk, 88 with both, and 4 unknown. There are about 50 American makes, by far the greater proportion being of German origin such as Klangfilm, Bauer, and Zeiss Ikon.

Legislation.—There is no special legislation inimical to American films.

General.—The decline in box-office receipts was the most significant trend during the year, but otherwise the Swiss motion-picture industry underwent no marked change.

TURKEY

By Commercial Attaché Julian E. Gillespie, Istanbul

Production.—Turkey's one studio, located in Istanbul, was established in August 1932; stage space, 375 square meters; uses Tobis Klangfilm recorders and De Bry (French) developing equipment; cost, approximately \$56,000; operated by Ipekdi Bros. Two Turkish-language features were produced (one released in 1932). The length of these was 2,800 and 3,000 meters, respectively. Several short news reels were also produced. Six features and about a dozen shorts and news reels are planned for 1933—altogether about 27,000 meters.

Distribution.—During 1932, 166 sound features were released. The United States supplied 61 (37 percent), Germany 45 (27 percent), France 40 (25 percent), and the rest came from other countries. As compared with 1931, the United States and Germany improved their position at the expense of France. This trend will probably continue in 1933. French is the foreign language best understood in Turkey.

Exhibition.—One new theater of 800 seats (located at Bursa) was built and one theater (the Magic of 750 seats located at Izmir) was closed. During 1932, 17 theaters were wired, making a total of 44 theaters, seating 27,020, sound equipped at the end of the year. Of those wired in 1932, 15 have sound on film and 2 sound on disk. As to makes, 12 are Zeiss-Ikon, 2 Bauer, 1 Survox, and 2 assembled locally. Of the total 44 wired theaters 19 have Zeiss-Ikon equipment, 10 American, 5 Nietzsche, 5 assembled locally, 2 Bauer, 2

Survox, and 1 Tobis. Forty are for sound on film and 4 sound on disk.

Legislation.—In November 1931 the British Government established quotas on films except news reels and educational films. These, set at about 700 kilos per month, have been sufficient to cover all needs. The quota restrictions have since been removed by decree of January 25, 1933. Likewise in July 1932 a new national censorship board was established under clearly defined regulations, and films passed by the board may now be shown anywhere in Turkey.

UNITED KINGDOM

By Trade Commissioner Martin H. Kennedy, London

Production.—The total number of films of British production registered during 1932, as shown by the British Board of Trade returns, was 234, with an aggregate total footage of 1,050,514 feet. Of this number, 156 were feature sound films with a total length of 974,299 feet, and 70 were short sound films totaling 72,564 feet; 5 were silent feature films with a total footage of 30,462 feet, and 3 were silent short films having a total length of 3,651 feet.

Compared with the figures of British production for 1931, sound feature films show an increase of 25 in number and 138,032 in footage, and short sound films an increase of 28 and 30,114 in footage. Silent feature films decreased in number from 10 to 5 and silent shorts increased from 1 to 3. There was, however, a decline in the total footage of 33,503.

British International Pictures Corporation was the largest single producer of the year, having 26 sound features and 1 short sound film with footage of 168,837 and 1,800, respectively. This production represents 16 percent of the total British footage for 1932.

British and Dominions, Gainsborough Pictures, and Gaumont-British Picture Corporation together registered 24 feature sound films with a total length of 175,261 feet and 3 short films with a total of 6,477 feet, which together represented approximately 17 percent of the total British production.

The efforts of an American company and British and Dominions were about equal, as each company produced about 13 sound features, with 3 sound shorts in addition to the credit of the former company. The latter company, however, exceeded the production of the former in length of film by about 19,000 feet.

The production accredited to Twickenham, Gainsborough, Real Art Productions, Associated Talking Pictures, British Instructional, and another American company was about the same in number of films and footage. The remaining balance of 126 films was accredited to about 40 small producers engaged largely in meeting the demands for "quota" films. About 25 of this group appeared for the first time as producers in 1932.

British studios increased materially their contribution to the demand for short sound films during 1932, their total recorded shorts being 10 percent of the total from all countries as compared with 4 percent for 1931. On the whole, short sound films declined in number during 1932, the total registered from all countries being 807,

which represents a decrease of 23 percent of the number registered in 1931.

During the past year a reasonably rigid economy policy prevailed and there was no disposition in the trade to parade exaggerated film cost figures or star salaries. It is generally thought that costs of film making were, as a result of this policy, somewhat reduced during the past year. The more elaborate films of the year, such as "Rome Express", cost approximately £40,000, while the average film ranged in cost from £6,000 to £15,000 each. It is probable, therefore, that the total outlay for the 156 sound feature and 70 sound short films produced during 1932 did not exceed £1,800,000 or approximately \$9,005,800 at par. (A list of companies together with statistics covering the films produced by them and also a complete list of British films produced in 1932 are on file in the Motion Picture Division at Washington. These will be loaned for a short period on request.)

There were 16 studios in operation in and about London at the end of 1931. These had 26 stages and an annual capacity with one shift per day of approximately 257 feature films.

During 1932 the Asdic Recording Co., Ltd., which is devoted to the production of shorts and industrial pictures, added one new stage. This company, however, is not as yet prepared to produce feature films. Gaumont-British completed its elaborate reconstruction in June by adding three new stages.

Sound City, Ltd., built an entirely new studio at Shepperton, Middlesex, having two stages and a capacity of 15 feature films per year.

Publicity Films at Wimbledon, London, also added one stage during the year. This company is given over to the production of short films for industrial purposes.

With these expansions, 7 stages, the capacity of all the studios was enhanced from 257 to approximately 300 feature films per year.

During the latter part of 1932 a large American company which had taken over a 10-year lease of one of the British and Dominion studios withdrew from the production field in England and turned back the lease to the British and Dominion Co.

During 1932 many additions were made to the equipment of the studios, and the technical staff in many of them was greatly strengthened by the addition of technicians from the American studios. Several cameramen of long experience in those studios have been engaged by British studios in line with the modern policy of the British producer, which is designed to strengthen and improve the technique of the studio and to enhance the quality of the British films.

The total floor space of the 16 British studios on December 31, 1932, was approximately 310,000 square feet, that of Gaumont-British alone being 100,000 square feet.

Owing to the fact that British studios have been running below their capacity, there has been considerable competition among them for productions, with the result that information relating to their equipment and capacity frequently appears in journals devoted to the motion-picture industry; and in practically all of them studio space is now available to prospective producers.

For example, the British International Picture Corporation has a capacity of 56 pictures but produced during the year only 28; and British and Dominion and Gainsborough with a capacity of 62 produced only 24; while Gaumont-British with a capacity of 50 produced only 12. (Detailed statistics on individual British studios are on file in the Motion Picture Division at Washington and may be secured on loan for a short period.)

The plans of the studios for 1933 production have not as yet fully matured, but definite information has been received relating to approximately 75 feature films.

The Gaumont-British and Gainsborough programs for 1933 definitely includes 14 feature films. During the year these companies will produce a large number of comedies which will be staged by popular comedians who are under contract with the Gaumont-British Co. It is believed that the output of these studios for 1933 will be in the neighborhood of 28 feature films.

Gaumont-British produced, in cooperation with Islington and Gainsborough studios, 13 feature films in 1932, and in conjunction with the Ufa company in Berlin at Neue Babelsberg studios the English version of three feature films—"Happy Ever After", "Early to Bed", and "F. P. I."—were produced. The same company produced in Berlin, but not in conjunction with Ufa studios, "Tell Me Tonight." The full program of Gaumont-British in conjunction with Gainsborough and Islington studios for 1933 includes 40 feature films.

Owing to the fact that very frequently studios by arrangement divide their work of production, any reliable forecast of the work for the future or figures relating to the output of each studio are almost impossible to obtain.

The British and Dominions, Elstree, program for 1933 already includes 6 feature films, and it is considered probable that the completed program for the year will embrace about 13 feature films.

British International Pictures at Elstree completed 52 pictures in 1932, representing one release per week for one year; 28 of these were feature films. This year the policy of this company is to reduce the number of its productions in order to make larger pictures, particularly comedies, for which at this time there exists a considerable demand. It is estimated, however, that the year's production will include 18 or 20 feature films.

British Instructional studios at Welwyn, Hertfordshire, completed during 1932, 8 feature films and one 4-reel feature, and it is proposed during 1933 to limit their production to 5 feature films and 3 or 4 shorts, together with 12 single-reel subjects.

It is safe to say, however, that the total production of all the studios for 1933 will fall slightly short of the 1932 production, which was 143 feature films.

Distribution.—The extent to which American sound feature films participated in the British market during 1932 more clearly appears from an examination of the footage accredited to them. The total footage of all feature films registered during 1932 was 4,017,576. This total is divided as follows: British, 974,299 feet; American, 2,749,080 feet; continental and other countries, 304,197 feet; total, 4,027,576 feet.

It will appear that the American share of the British sound-film trade during 1932 was approximately 69.5 percent, while the British sound film participated to the extent of 24.3 percent, and feature films of continental and other countries participated to the extent of 6.2 percent.

The total footage of feature films shown to the trade and the total footage of feature films registered during 1932 are about equal. It sometimes happens, however, that the number of registered films falls short of the number of trade-shown films. This is due to the fact that films must be trade-shown before they are permitted to be registered, and occasionally at the trade showing pictures are discovered which do not promise enough to justify registration. For example, during 1932 one of the foreign feature silent films which was trade-shown was not registered thereafter. Consequently its footage is not included in the total footage of foreign feature films registered from continental and other countries.

The total footage of short films, including three silent films which were registered with the Board of Trade during 1932, was 949,157, or about 20 percent of the total. British shorts accounted for 13.5, while the contribution from American and others accounted for approximately 86.5 percent. The share of continental and other countries was negligible.

SUMMARY OF FILMS REGISTERED IN THE UNITED KINGDOM IN 1932

Type	British	American and other	Type	British	American and other
Feature films:			Short films:		
Sound, number	156	477	Sound, number	70	737
Total footage	943,837	3,035,275	Total footage	72,564	872,942
Silent, number	5	1	Silent, number	3	-----
Total footage	30,462	8,002	Total footage	3,651	-----
Average footage	6,051	6,236	Average footage	1,044	1,184
			Total footage	1,050,514	3,916,219

TRADE-SHOWN FILMS IN THE UNITED KINGDOM, 1930, 1931, AND 1932

Nationality	1930	1931	1932			
			All talk- ing	Synchro- nized	Silent	Total
British	142	139	140	13	-----	153
American	519	470	440	9	-----	449
German	49	16	17	1	-----	18
French	22	10	4	3	-----	7
Russian	5	4	2	5	-----	7
Swedish	2	1	-----	1	-----	1
Italian	2	2	1	-----	-----	1
Indian	6	5	-----	1	1	2
Greek	-----	-----	-----	-----	1	1
Australian	-----	-----	2	-----	-----	2
Total	747	647	606	33	2	641

From the foregoing table it will be noted that the total number of trade-shown films during 1932—641—was only 6 short of the 1931 total. This showing is considered remarkable in view of the

difficulties which the motion-picture industry encountered during the past year. It is some evidence of the virility and resourcefulness of the production units of the industry. The British contribution to the total number of trade-shown films for 1932 showed a gain of 14 films (from 139 to 153) over the 1931 total; while the American total of trade-shown films experienced a decline of 21 (from 470 in 1931 to 449 in 1932).

American participation in the British market has been well maintained. In 1930, 69.5 percent of the trade-shown films were American while in 1931 and 1932 the percentage totals were 72.6 and 70.3, respectively. (A table analyzing trade-shown films during 1930, 1931, and 1932 according to type and character, together with explanatory comment, is on file in the motion-picture division at Washington and will be loaned on request.)

It will be noted that 39 foreign feature films were registered in the United Kingdom, exclusive, of course, of those from the United States. The names and other statistical facts relating to these are on file in the motion-picture division and will be loaned on request.

Exhibition.—The total number of cinemas, new and old, in England, Wales, Scotland, and Northern Ireland was estimated on December 31, 1932, to be 5,058, of which 4,002 were wired for sound and 1,056 remained unwired. During the year 1932, 79 new theaters were constructed and equipped with sound installations, 44 of these being of American origin, while approximately 233 silent picture houses were wired for sound, making the total 4,314. In order to ascertain the present position of silent theaters in the British Isles at the end of 1932 not only the number of silents wired during that year must be considered but also the mortality among the silents caused by the depression and the advent of new theaters in the immediate vicinity. During 1932, according to the records of the Cinematograph Renters Society, 33 of the silent-picture houses passed out of existence.

According to the estimate of prominent equipment organizations, there remained in England on December 31, 1932, 652 silent cinemas. This figure, added to the number wired during the year and taking into account the number reported to have gone out of existence, brings the total to 918, which leaves 141 silents unaccounted for, according to the estimates of the number in existence at the end of 1931.

It has been suggested by the same equipment organizations that accurate statistics as to the number of silent houses in the British Isles have never been available, and that in considering figures relating to silent houses the number reported could safely be discounted by 10 percent. This rule applied in this case would tend to confirm the figures which have been set forth as being approximately correct.

The number of new cinemas built during the calendar year 1932 in the British Isles, all of which were wired for sound reproduction, was 79, with a total seating capacity of 101,309. This number falls short of the new cinema constructions during 1931 by 21, while the seating capacity of new theaters shows a decrease of 41,610 seats as compared with the previous year.

The position of cinema construction since 1929 is indicated by the following figures: 1930, new theaters 70, seating capacity 105,000;

1931, new theaters 100, seating capacity 143,000; 1932, new theaters 79, seating capacity 101,000.

An examination of the figures relating to seating capacity in 1932 reveals the fact that during the year there were no cinemas of the so-called larger or super type constructed. In 1931, for example, 5 theaters were constructed with a seating capacity ranging from 4,000 to 5,000, 16 between 3,000 and 4,000, and 36 between 2,000 and 3,000; while in 1932, 16 theaters were constructed having a seating capacity ranging from 2,000 to 2,600, and 34 were built with a seating capacity ranging from 1,000 to 2,000.

The average seating capacity of the new theaters wired during 1932 is approximately 1,290, which is considerably lower than 1,450, the average for 1931.

During 1930 the obvious trend was toward the larger, luxurious super type of cinema. Since then it has been demonstrated by experience that cinemas of the smaller luxurious type with a seating capacity of from 1,450 to 2,500 are more lucrative and more practical in actual operation.

(A list of new theaters constructed in the British Isles, wired and equipped with talking-picture apparatus during 1932, together with location, seating capacity, and name of equipment in each case, is on file in the Motion Picture Division at Washington and will be loaned on request.)

As previously indicated, 233 cinemas were wired for sound in 1932. Of these, approximately 40 used American equipment. Of others the most popular were British Thompson-Huston with 55, B.A. with 24, Morrison's with 21, A.W.H. with 17, B.T.P. with 16. Practically all of these were for sound on film.

Of the 4,314 cinemas wired for sound as of December 31, 1932, just over 2,000 have American equipment, while British Thompson-Huston, B.A., and B.T.P. lead locally made equipments with totals of 612, 466, 375, and 287, respectively. (A list of sound installations by makes in the United Kingdom for the years 1930, 1931, and 1932 is on file in the Motion Picture Division at Washington and will be loaned on request.)

Legislation.—The vexed question of the Sunday opening of cinemas was settled by Parliament during the year by the passage of the Sunday Entertainment Act. Under the new law the local authority may hold an inquiry into the application for Sunday opening, and may grant it under certain conditions, one of which is that a certain percentage of the receipts must go to charity or to the support of the Film Institute. A committee selected from all departments of the trade has been appointed to draft a constitution designed to cover the objects of this organization.

The general form of the institute is based on the report of the Commission on Cultural and Educational Films and is designed to assist in the general development of films as a means of amusement and culture.

Under the Finance (no. 2) Act of 1931 the entertainment duty was extended downward to embrace tickets of all prices. During 1932 the cinemas found this tax burdensome, and a serious effort was organized for the purpose of having the tax removed. The rate of taxation is now as follows:

Where the amount of payment for admission, excluding the amount of duty—

Exceeds 2d. and does not exceed 2½d.....	1 halfpenny.
Exceeds 2½d. and does not exceed 6d.....	1 penny.
Exceeds 6d. and does not exceed 7½d.....	3 halfpence.
Exceeds 7½d. and does not exceed 10d.....	2 pence.
Exceeds 10d. and does not exceed 1s. 0½d.....	2 pence halfpenny.
Exceeds 1s. 0½d. and does not exceed 1s. 3d.....	3 pence.
Exceeds 1s. 3d.....	3 pence for the first 1s. 3d. and 1 penny for every 5d. or part of 5d. over 1s. 3d.

On March 31 the renters' quota moved up from 12½ to 15 per cent. In view of this fact and for purposes of convenience there is given below a list of quotas (both renters' and exhibitors') provided for under the cinematograph act of 1927:

Schedule I:	Maximum fee	
	£	s
On an application for the registration of a film.....	1	1
On an application for a renter's license.....	5	5
On an application for an exhibitor's license.....	1	1

For each theater in respect of which a license is applied for.

Schedule II:

Renters' quota :

	Percent
Year ending March 31, 1929.....	7½
Year ending March 1930-31.....	10
Year ending March 1932.....	12½
Year ending March 1933.....	15
Year ending March 1933-35.....	17½
Year ending March 1936-38.....	20

Exhibitors' quota :

Year ending September 30, 1929.....	5
Year ending September 1930-31.....	7½
Year ending September 1932.....	10
Year ending September 1933.....	12½
Year ending September 1934-35.....	15
Year ending September 1936-38.....	20

During the year the number of British films shown greatly exceeded the number required by the quota act.

General.—The year 1932 witnessed a steady improvement in the quality, technical skill, and growth in popularity of both British and American films, an outstanding evidence of this being found in the fact that notwithstanding the financial hardships of the times the patronage of the cinema remained steady throughout the year. Thus at the end of 1932 the general position of the film industry in the United Kingdom was approximately as follows:

Average weekly attendance at British cinemas.....	24, 000, 000
(These figures vary from week to week according to the quality of the film and the weather. A good film and bad weather increases this attendance by 4,000,000; a poor film program plus fine weather will reduce the average to about 20,000,000.)	
Average price of admission.....	8d.
Box-office weekly receipts based on this average are estimated at.....	£800, 000
Yearly attendance at the cinemas of Great Britain.....	1, 248, 000, 000
Gross box-office annual receipts.....	£41, 600, 000

Many charges are made upon this enormous sum, but it is safe to say that it is divided and distributed throughout the industry in the following manner:

To entertainment tax.....	£7, 000, 000
To cinemas.....	£23, 600, 000

From this sum the cinemas are obliged to pay all rents, rates, and taxes and other maintenance charges, together with the wages of the greater number of the 150,000 people employed in the British film industry. This amount also includes a reasonable dividend on the total investment (about £80,000,000).

To film renters who are film brokers dealing on behalf of the producers (the actual film makers) ----- £11, 000, 000

One of the outstanding events during 1932 has been the success of the nonstop vaudeville-cinema combinations. Approximately 10 theaters in the West End of London, which for a time were closed, took on this form of entertainment. Among the theaters so converted are included the Windmill, Daly's, the Prince of Wales, the London Pavilion, and the Leicester Square Theater. In general the nonstop theaters have been fairly successful, and several of them increased their popularity by the addition of talking pictures and news reels.

One of the outstanding features of the motion-picture industry has been the steady growth in popularity of the sound news reel. At the end of 1932 eight London cinemas were showing sound news films exclusively. Four of these were brought into this service during 1932, while Birmingham added two news-reel cinemas and Leeds one during the same period.

There are five news-reel companies in operation in England. These companies employ in the sound-news service in the British Isles about 30 sound trucks, which are placed strategically throughout the country. The latest recruit to this group of cinemas is the Rialto, which came in as an exclusive news-reel house within the past few months.

The news-reel theaters in the London area are: Piccadilly News Theater, Windmill Street; Rialto, Coventry Street; Cameo, Bear Street; Strand News Theater, off the Strand; Tatler News Theater; Sphere News Theater; World News Theater, Paddington.

YUGOSLAVIA

By Commercial Attaché Emil Kekich, Belgrade

Production.—A total of 286 films (62,112 meters) were produced. These were all cultural and educational shorts and news reels. Of these, 88 (25,104 meters) were produced by Prosvetni Film, 36 (6,270 meters) by Novakovic Film, 31 (8,549 meters) by Svetlotoon, and the rest scattering. They were produced in the studios of the companies just mentioned, but these are small and are wired with local equipment. Some slight studio expansion is probable in 1933.

Distribution.—Seven hundred and twenty-three films (594,994 meters) were released. Of this amount, 322,360 meters were German and 185,484 meters American, the latter comprising a total of only 52 pictures as compared with 116 in 1931. However, American companies operating in the market withheld their releases during most of the year on account of the film contingent legislation. The American films released were chiefly English with local subtitles. Only about nine productions were shown in direct shot or dubbed foreign versions. German is the language best understood. Amer-

ican film prestige held up so well that the lack of these had an adverse effect on theater attendance.

Exhibition.—One new theater, the Tonbioskop in Belgrade (500 seats), was built, and a few theaters were reconstructed, adding 400 seats. Fifty-three theaters were wired, making as of December 31, 1932, a total of 184 theaters (seating capacity 59,000) wired out of 338 in the country. Most of the equipments used are locally assembled, and all but 30 are sound on film.

Legislation.—The contingent legislation (details of this are given in Foreign Market Bulletin T-63, entitled "Yugoslavia Institutes a Film Quota", February 1933) was in force during practically the whole year, and as American companies found it impossible to operate at a profit under the law, they withdrew from the market. There is some prospect that this law may be repealed or modified.

General.—Turnover in the film trade in 1932 in Yugoslavia was probably at least 30 percent under the year before, when business was not particularly good. This was partially due to the economic depression and partially to the fact that restrictive legislation introduced kept American film companies out of the market so far as new sound productions were concerned. The total turnover normally is around 160,000,000 dinars a year, out of which the Government gets about 35,000,000 dinars.



DEPARTMENT OF COMMERCE

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

REVIEW OF FOREIGN FILM MARKETS DURING 1936



April 1937

Price 10 cents

Publications of the Motion Picture Section of the Electrical Division

Motion Pictures Abroad.

Twice a month the Section releases a foreign market bulletin covering some important phase of the motion-picture situation abroad. This bulletin may cover one foreign market or a number of foreign markets and is based on reports received in the Section from foreign offices of the Department. The subscription price is \$1.00 per year.

Current Releases of Nontheatrical Films and Film Notes.

This service started in December 1932. As its name implies, it consists of the merging of a former bulletin entitled "Nontheatrical Film Notes", containing news notes covering nontheatrical film developments in all countries, with a list of industrial and educational films (together with supplementary data on these) released by film producers during the preceding month. This bulletin is issued once a month, and should be of great value to all users of nontheatrical films. The yearly subscription rate for this service is \$1.00.

World Wide Motion Picture Developments.

Each Saturday the Section releases a series of news items relating to motion-picture developments abroad. This service is free, but it is confined almost exclusively to the trade and lay press, which republishes the items.

Statistical Service.

The Section's statistical service consists of a single statement, No. 2900. This statement shows exports to all countries of motion-picture films, sensitized, not exposed; negatives; positives; other sensitized films, not exposed; motion picture cameras (standard and substandard); projectors (standard and substandard); motion picture sound equipment, projection arc lamps. These statements are issued each month and the price is \$1.00 per year.

UNITED STATES DEPARTMENT OF COMMERCE

DANIEL C. ROPER, SECRETARY

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

ALEXANDER V. DYE, DIRECTOR

REVIEW OF FOREIGN FILM

MARKETS DURING 1936

By

NATHAN D. GOLDEN, CHIEF

MOTION PICTURE SECTION,

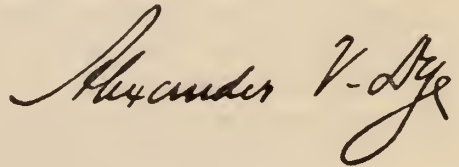
ELECTRICAL DIVISION

FL 889

F O R E W O R D

The motion picture industry of the United States has a large stake in world markets. One of the outstanding problems facing American producers in the export field is the growth of the restrictive legislation designed primarily to stimulate the production of domestic films in various countries.

The extent of our foreign market together with existing restrictions in the leading countries of the world are briefly summarized for the use of the American motion picture industry in this bulletin, which has been prepared in the Motion Picture Section of the Electrical Division with the cooperation of the Foreign Commerce Service of this Bureau and the State Department.



Alexander V. Dye,
Director.

REVIEW OF FOREIGN FILM MARKETS DURING 1936

The year 1936 brought to American producers of motion pictures the highest foreign revenues since the introduction of sound films in foreign markets in 1929-30. This is particularly gratifying in view of the intensive efforts on the part of foreign countries to establish their own film-producing industries. It is not difficult to determine the reasons for this increase in revenues when one realizes that the year witnessed the production of the finest crop of pictures ever produced by the American film industry, together with a definite return of economic prosperity in the major foreign markets.

While American distributors are still faced with legislative barriers in the free flow of their product in many foreign countries, those films which are permitted entry in restricted markets are so superior to the native product that their dollars and cents returns make up for lack of quantity distribution. The year 1936 has heard many rumblings for an intensification of legislation designed primarily to restrict American films and to foster domestic production in many of our choicest foreign markets.

Chief among the foreign countries urging a change in its quota set-up is England, by far the most important revenue producer for American films. The Moyne report from the Board of Trade Committee, appointed to consider a renewal of the Cinematograph Films Act of 1927 which expires in 1938, made recommendations which, if adopted by the British Parliament, may have far-reaching effects on the American motion-picture industry. The report recommends an extension of the present quota system for another period of 10 years, to be increased from the present 20 percent to 50 percent if conditions warrant; the establishment of a film council or committee to pass on the quality of films produced for quota purposes; the Government to take measures to assist the local industry in obtaining fresh capital; that a quota be established for short films commencing with 15 percent for distributors and 10 percent for exhibitors. Responsible to a great extent for these quota recommendations, is a very intensive national feeling that American habits of speech, dress, and local customs may become widely adopted in Great Britain. It is presumed that on the basis of the above recommendations of the Moyne Committee, the Board of Trade will draft a bill to be presented to Parliament before the Films Act of 1927 expires.

What is in store for American film interests in France at the end of the trade pact in July 1937 is difficult to prophesy. It must be remembered that the existing Franco-American trade treaty was not negotiated or signed by the present French Government, and from present indications something in the way of legislation detrimental to American film interests looms on the horizon.

During 1936 legislation became operative in New South Wales and Victoria which provides quotas in those two States for Australian-produced feature films. In both cases, the quota for exhibitors is that 4 percent of the films shown on the screens must be Australian in the first year, increasing yearly by 2 percent until a 12 percent quota is reached in the fifth year. For distributors the range is from 5 percent in the first year increasing each year by 2 percent to 15 percent in the fifth year.

While American films are still the backbone of the exhibition business in Mexico, there are demands on the part of Mexican producers for legislative measures designed for their protection. The Spanish Civil War has given the Mexican motion picture industry tremendous impetus in recapturing its leading position in the production of Spanish-language features. Mexican studios during 1936 have produced films in greater numbers than ever before in the history of the native industry.

In the short space of 1 year film-producing in Finland has increased from one company to five. And all are operating at full speed to furnish the sudden demand for native language product. While the product is of an inferior nature, the Finnish theaters are playing to capacity, because of the novelty of hearing their own tongue from the screen.

Germany, at one time among the most important markets for American motion pictures, has virtually ceased to buy because of the drastic impositions and decrees issued against films for the avowed protection of the German cultural interests.

The German Film Contingent Decree which expired June 30, 1936, was not extended, but in its place there was issued an Enabling Act which became effective on July 1, 1936. This decree empowers the German Propaganda Minister to state the conditions under which a film is to be considered as a German film as well as the conditions under which a foreign film may receive an import permit. While the wording of this new law is practically the same as that of the old one, the few alterations are of great importance. A German film, to be classified as such, must be produced by a company established under German law. All scenarios, music, directors, and actors must be German, and only such persons are considered Germans who are of German nationality and of Aryan descent.

Paragraph 15 of this new law gives to the Propaganda Minister wide discretion in barring foreign films from the country. Permits under this paragraph may be refused when "foreign films whose tendency or effect is injurious to German prestige or where films in which actors participate who have previously appeared in pictures detrimental to German prestige."

During the year this paragraph was invoked on numerous occasions and greater interpretation has been placed upon it by the censorship board in its refusal to pass films of American companies with Jewish actors or Jewish music. These new regulations do not in themselves prevent American companies from carrying on their business in Germany. As a matter of fact, they raise the number of export contingent permits thus allowing a greater number of foreign pictures to come in than were permitted entrance during 1935. The actual number of American pictures which will come in, however, will depend entirely upon the attitude of the Propaganda Ministry and the board of censorship. As a result of this condition, only three American distributors remain now in the German market. Regulations concerning the use of blocked

marks have also been considerably strengthened. All of these difficulties will eventually force a decision from American companies as to whether they will participate to a greater extent in domestic production by producing locally themselves, or by distributing locally made products, or whether they will entirely withdraw from the German market.

New regulations governing the importation of American films into Italy were successfully negotiated in the latter months of 1936. This was not accomplished, however, until American companies ceased exporting their films to this market. Under the new regulations American firms may import 250 films each year, which is ample for their needs, and 20 million lire yearly will be permitted to be exported. There are no longer any restrictions with reference to mandatory method of investment in Italy of all funds above the afore-stated permissible export figure.

While there is little likelihood that a quota will be favorably acted upon by the Egyptian Government, nationalistic propaganda is fostering the development of an Egyptian industry for the production of films in the Arabic language. The suggestion has been made to the Government by the local film industry proposing the compulsory use of a quota of Egyptian films in relation to foreign films.

A serious situation was averted in Cuba during the past year when the Government reversed its position, that all American films should first be censored by a board in New York City created for that purpose. This reversal, however, was not accomplished until American film companies refused to submit films to this board, or to send their product to Cuba. During the year 1936 a bill was introduced in the Cuban Senate providing for the creation of an organization known as the National Motion Picture Board whose functions would be to supervise, lend financial assistance, and generally assist in the development of a motion-picture industry on the Island.

On January 20, 1936, the labor syndicate accepted the final offer of the American motion-picture distributors and thus brought to a conclusion a controversy which had paralyzed the American industry in Mexico since September 1935. Matters relating to taxes and import duties were successfully negotiated in conferences between the Minister of Finance and the distributors. Upon the issuance of three decrees on February 7, 1936, American companies again resumed the distribution of their products after an absence of nearly 4 months.

"Frozen" or "blocked" funds also contributed to the obstacles placed in the path of American companies in the transaction of their business abroad during 1936. Foreign Governments more than ever, during the year just completed, were taking a direct interest in production of motion pictures.

In some markets of Latin America and Europe there is a well-defined trend against "dubbed" films. In Belgium, American films with English dialog and superimposed titled in French and Flemish are preferred. Our Commercial Attache advises that in Antwerp and Brussels, which are the largest markets in Belgium, the majority of the people understand English and prefer this type of film.

In Guatemala, Dominican Republic, and Costa Rica there is a definite dislike for "dubbed" films.

Exports of American motion-picture films for the first 10 months of 1936 show a 9-million-foot gain over the same period of 1935. During the first 10 months of 1936 a total of 171,612,451 linear feet of American negative and positive sound and silent films, with a declared value of \$3,683,517 were exported to foreign markets as compared with 162,238,524 linear feet with a declared value of \$3,495,582 for the first 10 months of 1935. A breakdown of the above totals is shown in the following table:

	<u>10 months - 1936</u>		<u>10 months - 1935</u>	
<u>Negative</u>	<u>Quantity-feet</u>	<u>Value</u>	<u>Quantity-feet</u>	<u>Value</u>
Silent films	1,750,362	\$ 81,389	2,114,218	\$ 91,642
Sound films	8,085,831	302,193	7,762,812	330,016
<u>Positive</u>				
Silent films	1,325,202	36,804	2,848,341	61,956
Sound films	160,451,056	3,263,131	149,513,153	3,011,968
TOTAL	171,612,451	3,683,517	162,238,524	3,495,582

During the year 1936 foreign motion-picture production amounted to approximately 1,400 feature films. European production totaled 721 feature films during 1936, an increase of 79 pictures over 1935. Of this number the following countries made the largest contributions: England 217, Germany 130, France 125, Russia 92, Spain 32, Sweden 27, Czechoslovakia 26, and Hungary 20.

Latin American production during 1936 fell off somewhat, only 56 features being accounted for, as compared with 83 films during 1935. Mexico produced 28 features, Argentina 20, Brazil 7, and Peru 1 during the year.

In the Far East and Near East production increased in 1936 to 674 feature films as against approximately 515 pictures in 1935. The leading producing country in the Far East was Japan with 496 features, with China furnishing 100, India 40, the Philippines 15, Egypt 10, Australia 9, New Zealand 3, and Netherlands Indies 1.

The increased motion-picture production in foreign countries substantiates the interest exhibited by foreign governments, in the creation of their own producing industries. The showing of these locally produced films, regardless of their quality, reduces the number of play dates for our American product.

The screen has become a new factor in international diplomacy, and some nations have attempted to tell Hollywood what shall and what shall not be put into films, under the threat that an offending company's products may be barred in toto from the market. In some cases these threats have been effective to the extent that films are either withdrawn from world circulation, or the objectionable stories, although purchased and paid for, are never produced. The complete inability of foreign governments to control our production, and their need for national expression at home and before the rest of the world, are factors largely responsible for their intense interest in building up their own film industries.

While the foreign outlook appears somewhat dubious, it is very evident from the foregoing data that foreign governments bent upon establishing their own motion-picture industries will wield a great influence through the medium of legislation in accomplishing this end. The American industry, fully cognizant of the ulterior motives behind the creation of these legislative barriers, have but one weapon with which to combat these obstacles. This is the production of pictures with an international appeal which are so obviously superior in their technique and story value to other productions that foreign audiences will insist on seeing them. This may result in foreign governments being forced by the insistent demands of natives either to remove or modify legislation directed against American films.

It can be said with assurance that good American pictures, as a general rule, will be preferred by foreign audiences to national productions which with few exceptions have been of mediocre character. It follows therefore that the outstanding factor in the international situation will be the caliber of the productions which the American motion-picture industry attempts to market abroad.

ALBANIA

LEGISLATION-

None.

CENSORSHIP-

Although there exists no censorship law in Albania, films are censored by a commission consisting of representatives of the Ministry of Education, the police, the Court, the Press Bureau, and the Prefecture. Films are censored from moral and political points of view.

COMPETITION-

The United States and Germany have almost equal shares in the film market in Albania, while France and Italy together account for only about 10 percent. The Albanian public shows a considerable liking for German films because they are generally musical comedies while American films are mostly dramas. German films have always been cheaper than American films and at present American films are progressively increasing in price.

COPYRIGHT RELATIONS-

None.

PRODUCTION-

None.

TAXES-

(1) Customs duties: Films imported into Albania and which are to be re-exported within 45 days pay a customs duty of 20 gold francs for 100 kilograms.

(2) Municipal taxes: (a) Annual tax of 300 to 500 gold francs, according to importance (b) amusement tax of 6 gold francs daily.

(3) Ministry of Finance Income Tax (not fixed).

(4) Miscellaneous stamp taxes.

THEATERS-

There are 14 theaters in Albania.

SOUND-

All of the 14 theaters are wired for sound.

ARGENTINA

LEGISLATION-

Previous adverse criticism based on a desire of the local populace to see more Spanish-dialog films has been partly met by an increase in the number of these films exhibited during the year. The newly formed Instituto Cinematografico Argentino, under Government auspices, is expected to establish national regulations pertaining to the motion-picture industry, with the probability that the growing domestic producing industry will be favored.

CENSORSHIP-

Film censorship in Argentina is reasonably lenient, with each municipality undertaking its own censorship. It is possible that some national regulation will be formulated by the above mentioned Instituto Cinematografico Argentino, under authority granted to it by Law No. 11,723 dated September 28, 1933.

Censorship in the federal capital is based on Ordinance 5439, dated December 28, 1933, and promulgated on January 17, 1934. An honorary commission is composed of eight members from various offices of the municipal and federal Governments, supplemented by one member representing the production and distribution industry. Each of the other important cities has a censorship body formed somewhat along these lines.

While there are no national censorship standards, it may be said that approval is generally given to films with the exception of the following types: Those stressing immorality or bad taste; those which ridicule religion; those which contain propaganda insidious to the Government; and those which might lead to international complications. Scientific films may be exhibited to doctors or to other appropriate professions, but are generally not exhibited to the public.

COMPETITION-

About 85 percent of the films shown are American, with the remainder British, German, Argentine, French, Spanish, and Italian, in the order named.

COPYRIGHT RELATIONS-

Inter-American. Copyright Convention Buenos Aires, August 11, 1910, ratified July 13, 1934.

PRODUCTION-

It is estimated that 20 locally made features were released during 1936, with 27 more in various stages of preparation. There are 9 studios, 9 laboratories, and 30 producing companies. All studios are wired for sound.

There are 59 distributors, 10 of which are American, located in Buenos Aires; many of these have branches throughout the Republic. This number includes some of the national producers, who do their own distributing. Rentals at first-run houses approximate between 35 and 50 percent of the receipts after municipal taxes have been deducted.

TAXES-

Each municipality imposes its own scale of taxes. In the federal capital, for instance, taxes are collected upon the basis of the registered seating capacity of the individual theater and in accordance with the returns of each performance. The basic tax provides that for each 10 centavos or fraction thereof collected for admission, and for each 100 seats or fraction of registered seating capacity, there should be paid a tax of 14 centavos. During the summer season (November through March) this is reduced to 10 centavos. The foregoing scale applies to houses charging admission of more than 1.50 pesos for a "completa" (complete program consisting of several films) or 0.40 peso for a "seccion" (one to two pictures). Houses which charge a lower admission price pay a basic tax of 11 instead of 14 centavos, with 7 centavos during the summer season. Double the established tax is charged for continuous performances. Except in special cases, all performances must be finished by 12:30 a.m. (with a slight tolerance), otherwise a fine of 100 pesos is imposed. Failure to pay taxes within a specified limit incurs a 20 percent penalty.

THEATERS-

There are 207 theaters listed in the federal capital and 1,218 in other parts of the Republic.

SOUND-

It is estimated that approximately 1,000 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	17,051,379 ft.	\$326,712
Negative sound	13,850 ft.	\$1,253
1936 - (First 10 months)		
Positive sound	15,179,012 ft.	\$270,781
Negative sound	22,609 ft.	\$382

AUSTRALIA

LEGISLATION-

During 1936 legislation became operative in New South Wales and Victoria which provides quotas in those two States for Australian-produced feature films. In both cases, the quota for exhibitors is 4 percent for the first year, 5 percent for the second year, 7½ percent for the third year, 10 percent for the fourth year, and 12½ percent for the fifth year; for distributors it is 5 percent for the first year, 7½ percent for the second year, 10 percent for the third year, 12½ percent for the fourth year, and 15 percent for the fifth year. The operation of the quota appears to have satisfied Australian producers, as there has been no agitation during the year for an increase in its scope.

There has been some agitation during the past year for the acceptance of British (produced in England) films as "quota" pictures in Australia. The basis for this agitation is, that Australian-produced films are accepted as "quota" pictures in England, whereas films produced in England do not qualify as "quota" pictures in New South Wales and Victoria, the two States in Australia which have quota laws. However, this agitation is not strong at the present time, and it appears that British films will not, in the immediate future, be given any more advantage in the Australian market than they have enjoyed for some time - namely free customs entry.

There has been no serious agitation against American films, as such, during the year. Restrictions which were placed on the imports of many products from the United States, in May 1936, did not affect films.

CENSORSHIP-

Very severe. A Board of Censors, which consists of three members, one of whom is a woman, continues to exercise censorship authority over all films imported or exported. Censorship appeal is vested in one person who has all the powers of the former three-member board. In addition to this Federal Censorship Board, there is a State censorship law in Victoria, but in practice Victoria usually accepts the Federal Censor's certificate. The Censorship Board passes pictures for "general" or "adult" exhibition. In all States except Victoria, this does not prohibit the admission of minors to shows designated for "adults" but is merely information for parents; in Victoria, a picture passed for "limited" exhibition can not be shown to persons between the ages of 6 and 16. In all States the police can act to stop the showing of a film, but this power is practically never used in the case of imported films. It has, however, been used at times to stop the screening of Australian-produced films, over which the Federal Censorship Board has no jurisdiction.

COMPETITION-

A new company was formed in Australia during 1936 to coordinate the distribution of films produced by several of the major studios in England. However, British films have not during 1936 made any appreciable gains in Australia, where personal preference, rather than patriotic appeal, remains the predominating influence. American films appear still to be in as strong position as they were in 1935, when the United States supplied 353 of the 481 feature pictures imported into Australia. American films have now regained some of the ground lost in 1933. Of all feature films imported into Australia, the United States supplied 76.4 percent in 1932; 71.7percent in 1933; 72.5 percent in 1934; and 73.4 percent in 1935. The share enjoyed by British films was 22.6 percent; 23.3 percent; 27.1 percent and 25.6 percent. Figures for 1936 are not yet available, but it is believed that American films have more than held their own during 1936. Some individual British pictures have been popular, but as a class the American films remain supreme.

COPYRIGHT RELATIONS-

Presidential Proclamation of April 3, 1918.

PRODUCTION-

Because of quotas in New South Wales and Victoria for Australian-made pictures, production activity increased greatly during 1936. Six feature films had been completed during the first 10 months of the year, with three more scheduled to be finished before the end of the year. In three of these pictures, the lead was played by Hollywood artists who were brought to Australia for the purpose. The most expensive of these pictures is said to have cost £35,000 (about \$140,000), but some cost considerably less. Critics agree that the quality of Australian pictures has improved considerably, but it appears that they still have a fair distance to go before being equal to the average imported film.

Before an Australian picture can be registered as a "quota" film, it must pass an inspection and convince the authorities that it has attained or surpassed the minimum requirements as to quality. This is designed to discourage the production of low-quality films, and at least one feature picture has been refused registration as a "quota" film because of its low quality. This requirement has had the effect of discouraging the production of extremely cheap films by persons without proper backing, and has tended to confine the increased activity to the well-established producers.

The quota laws of both New South Wales and Victoria stipulate that distributors shall "acquire and make available for distribution" the number of pictures specified. The use of the word "acquire" has caused some uncertainty as to whether the distributor must obtain the pictures only in case

they are available from producers, or whether the distributor must himself produce the pictures if necessary to obtain the required number of Australian films. However, it now appears that the object of the quota legislation was to assure a market for the films voluntarily produced in Australia, and not actually to force production. The films which have been produced so far have been marketed satisfactorily, and there is good reason to believe that distributors will not be forced to become producers, but will be exempted from the quota requirements if they are unable to "acquire" Australian films from the limited supply produced voluntarily. Although the first year of the New South Wales quota ends on December 31, 1936, several distributors at the end of November had not "acquired" any quota pictures. They are ready and willing to "acquire" pictures from others, but they are going on the assumption that they will not be held responsible for any failure to "acquire" Australian pictures by producing them.

Distributors of American films are greatly concerned with a provision of the quota law which permits an exhibitor to disregard his contract for American films to whatever extent may be necessary to find program time for quota pictures. Some exhibitors are now using this to reject a film whenever they like, so long as the total rejections do not exceed the number of "quota" pictures exhibited. The distributors believe that it was not the intention of the legislation to permit such discretion for the exhibitor, and they are now seeking a correction to limit the rejection of a film to the specific picture actually displaced by a quota film.

TAXES-

The Federal Government tax for 1936 was 1 shilling per £1. For the various States of the Commonwealth a company is taxed only on the business done in that particular State. The rates vary from State to State. In New South Wales, where most of the film companies have their head offices for Australia, the tax last year ranged from 1 shilling 9 pence per £1 to 2 shilling 6 pence per £1, depending on the amount of income, but this has just been changed to a flat rate of 2 shillings 3 pence per £1.

THEATERS-

There are now 1,420 theaters operating in Australia. The improvement in box-office takings, noticeable during the past 3 years, was continued in 1936 when theater attendance was probably as large as in pre-depression years.

The State of New South Wales still enforces the Act providing relief to exhibitors on hire agreements covering sound equipment. While no such legislation has been passed in other States, companies hiring sound equipment have, in most cases, extended terms throughout Australia which were required in New South Wales.

SOUND-

1,420 theaters are wired for sound. The construction of new theaters, which was very active in 1934 and early 1935, has now slowed down somewhat.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	4,858,102 ft.	\$112,814
Negative sound	475,407 ft.	\$8,394
1936 - (First 10 months)		
Positive sound	4,028,205 ft.	\$90,703
Negative sound	890,814 ft.	\$19,896

AUSTRIA

LEGISLATION-

Note: Cabled advises on February 5, 1937: "Austrian film contingent fees increased 25 percent effective February 7, 1937".

Cabled despatch of March 23, 1937 "Austrian authorities rescind increase in film contingent fee in Decree of February 7."

The system of issuing "Vormerkscheine" to pay for presentation permits issued by the provincial authorities did not change in Austria with regard to sound feature films ("Stammfilme") or sound shorts during the year 1936. Film imports and exhibition permits thus remained subject to Vormerkscheine (contingent) control. To stimulate domestic production, local suppliers of sound-film recording apparatus receive as a bonus 10 Vormerkscheine for every Austrian feature sound film (up to 10) of a specified standard and produced under various detailed conditions. If domestic film apparatus is used in the production of sound features, three additional Vormerkscheine are issued. Vormerkscheine are allotted for a limited number of shorts. One producer only (Selenophon) makes shorts in Austria and at present for 40 percent of the shorts released receives from 1 to 3 Vormerkscheine, depending on length and type.

The issuing of Vormerkscheine is based on the condition that the film is shown to the Advisory Film Council prior to its first public presentation. According to the Basic Regulations Applying to the Film Contingent, Vormerkscheine in appropriate number can be allotted prior to the production of an Austrian feature film.

Domestic sound films of all kinds are granted presentation permits without the necessity of submitting Vormerkscheine. For foreign films, except news reels, and cultural shorts recognized by the Ministry of Trade and Communications and the Ministry of Education, Vormerkscheine (or fractions, depending on the type of film) are required in order to receive presentation permits.

Their value in 1936 was fixed at 1,200 schillings. The Vienna Chamber of Commerce, Trade, and Industry issues these permits on authority and recommendation of the Advisory Film Council (members are appointed by the Minister of Trade and Communication) established by basic regulations dated February 1, 1935, of that Ministry. It also issues Vormerkscheine to suppliers of sound apparatus and acts as a clearing house to enable these suppliers or other holders to dispose of them to film importers and distributors. The above regulations all apply to narrow sound films as well.

Film distributors who import more than 10 features a year are compelled by the Film Bureau of the Vienna Chamber of Commerce to purchase one or two cultural shorts per year (at 4,150 schillings apiece) for obligatory exhibition. When one is taken over it is immediately assigned to a feature film and must be shown whenever the feature picture appears on any screen in Austria. In case of refusal to comply, exhibition permits for films distributed by them will not be granted or if already granted will be withdrawn. Exhibitors are also required to show one Austrian official news reel at each performance and at controlled rentals. This tends to greatly handicap the presentation of this class of foreign shorts.

Producers of foreign-language versions of Austrian-made feature films receive permission for the free presentation of one sound film from the country to which the foreign version feature was first sold. This privilege may be increased if the version in question contains propaganda for travel in Austria.

The price of permits for the presentation of films of all kinds produced in countries which handicap the distribution of Austrian films by import embargoes, payment restrictions, censor of scenarios, regulations regarding employment of actors, etc., can be increased to 1,000 of the normal amount. Recourse to this measure has as yet not been taken.

Three Vormerkscheine are required for any number of copies of foreign feature films imported in the German version whether original or dubbed.

For each copy of a foreign language sound film under 350 meters, 10 presentation permits are received for each Vormerkschein; for a film 350 to 700 meters, 5 permits; for a film 700 to 1,000, 1 permit; 2 Vormerkscheine are required for each copy of a film 1,000 to 1,500 meters and 3 Vormerkscheine per copy for one over 1,500 meters in length.

An understood agreement not stated in the law provides that every fifth feature imported will have text and titles inserted in Austria, in which case and for any other foreign language feature film with German text and titles to be inserted in Austria only 1, 1½, and 3 Vormerkscheine are required for one, two, or three or more copies, respectively.

During the 1936 summer season (June 12 to August 13) to encourage better programs, the cost of presentation permits for this type of film in one, two, and three or more copies was respectively 1,000, 1,500, and 3,000 schillings. Vormerkscheine were not needed as a medium of exchange in this transaction.

Foreign films already exhibited in a version paying a lower license fee and later shown in a version subject to a higher fee, are credited with the fees already paid.

A sound film pieced together from various foreign sound films already exhibited, is credited with the previously paid fees.

Distributors who can prove that they have gone to certain expenditures for the dubbing or synchronizing of a film in Austria receive two Vormerkscheine. Such films are also admitted free of charge for presentation in Austria.

The Film Bureau is authorized, in case a producer of an Austrian feature film sells it at a reasonable price into foreign customs territory, or otherwise shows it abroad, to issue as an export premium such number of additional Vormerkscheine as is fixed by the Ministry of Commerce. These Vormerkscheine remain under control of the Film Bureau and can be used only for obtaining permits for films imported from the same foreign customs territory. Use of this authority can be made only once for each sound feature film.

In case of a disparity between Vormerkscheine issued and used, the Ministry of Commerce can alter any of the foregoing regulations, effective immediately.

The Austrian film industry depends, to a large extent, on the German market. On the average some 75 percent of production costs of an Austrian film are covered by its sale to Germany. Receipts from domestic showings cover only 10 to 15 percent of these costs.

The Austro-German film agreement which has been in force for several years and nominally should not expire until July 1939, is now in suspense but will probably be continued in some form. Because of exchange and transfer difficulties and the expatriate, non-Aryan character of important German producers now turning out Austrian films, mutual quotas have temporarily broken down. According to the old agreement, 120 German feature films without regard to existing contingents are annually exchangeable against 12 Austrian films or at a ratio of 10:1. If either party to the agreement is unable to export up to the full number agreed upon, this does not restrict the fixed total of the other. For example, if Austria is only able to export 10 features during the year in question, Germany is, nevertheless, eligible to ship up to 120 features to Austria free from contingent encumbrances. All additional features beyond the limit set are subject to the ratio of 10:1, thus, Austria in 1936 sent 14 features to Germany and the importation of the two additional

features was contingent upon the acceptance of 140 features from Germany. The exchange of news reels, educational and other short films is also fixed at the ratio of 10:1.

The French trade treaty also provides for the contingent-free import of French films. Relatively few, however, are shown in Austria.

CENSORSHIP-

Local film censorship was in effect in 1936 for the territory of the City of Vienna and in two other provinces. (For fee see "Taxes".) Posters and other publicity material is also subject to censorship. Censorship in Vienna and in the two provinces of Austria is not handled on a uniform basis and this whole question is still awaiting a definite settlement. The other six provinces have no local censorship requirements. Federal censorship exists to a slight degree and is exercised by the Ministries of Education and of Trade and Commerce. The former merely examines on request films for eligibility for exhibition to juveniles and the latter Ministry exercises control from the political or economic angle through its power to withhold import and exhibition permits. Local and Federal censorship in Austria, however, is not rigid and is no practical obstacle to the importation of foreign feature films. Juveniles under 16 years are admitted only to films bearing the approval of the Ministry of Education. In no case can they attend performances finishing after 9:00 p.m.

COMPETITION-

The six large American film companies distributing in Austria greatly improved their position in 1936 from the standpoint of volume and turn-over. Profits were scanty, however, owing to the high cost of Vormerkscheine (from which German films are exempt) and the necessity of buying one or more expensive Austrian "culture" films each year. The share of the market, estimated on an earning basis (expressed in percentage) was German 70; American 20; all others 10; estimated on a footage basis (including copies), German 55; American 35; all others 10.

Estimated on a basis of the number of films shown, the position of the United States for the past 4 years, expressed in percentage of the entire number exhibited, is shown in the following table. As it appears, the United States has held its own, especially in 1936, whereas German films have lost ground to those of other origin, chiefly American. It must be remembered that only about half of the American features are released in more than one copy and seldom more than three, whereas German features often appear simultaneously in as many as eight prints. While American films are shown in good volume, especially in the large first-run houses in Vienna, their profits are not great for reasons already mentioned. German films although not greater

in number, exhibit many more copies throughout Austria -- and their overhead (no Vormerkscheine required) is much less.

Country of Origin	Percentage, 1933		Percentage, 1934		Percentage, 1935		Percentage 1936*	
	Features	Shorts	Features	Shorts	Features	Shorts	Features	Shorts
UNITED STATES	37	31	37	33	40	28	46	26
Germany	48	40	43	26	37	32	32	34
Austria	7	21	5	30	8	28	7	26
Others	8	8	15	11	15	12	15	14
	---	---	---	---	---	---	---	---
Total	100	100	100	100	100	100	100	100

*Note: Based on 10 months' figures.

Austrian Exhibits of Sound Films

Country of origin	No. of feature films (10 mos)					No. of short films (10 mos.)				
	1932	1933	1934	1935	1936	1932	1933	1934	1935	1936
Austria	10	17	14	27	18	75	112	155	155	139
UNITED STATES	72	92	110	126	128	250	163	173	159	135
Denmark	1	-	2	1	-	-	-	-	-	1
Germany	166	119	129	116	88	243	203	140	181	178
England	-	2	13	13	9	9	15	13	6	3
France	15	3	13	6	15	5	23	42	55	55
Italy	4	3	-	3	3	8	-	-	1	4
Poland	-	2	-	-	-	-	-	-	-	-
Russia	2	-	2	1	-	1	1	-	-	-
Sweden	-	-	1	-	1	-	-	-	-	-
Switzerland	-	-	1	-	1	1	2	-	3	8
Czechoslovakia	3	5	9	11	7	1	-	2	3	1
Hungary	-	4	5	3	7	-	1	-	-	3
Other countries	3	2	-	6	1	1	1	2	-	2
	---	---	---	---	---	---	---	---	---	---
Total	277	249	299	313	278	594	521	527	563	521

The regulations for the control of foreign exchange have been greatly relaxed and no difficulty is experienced in securing the necessary valuta.

COPYRIGHT RELATIONS-

Established by governmental decree of September 20, 1907; April 9, 1910; March 11, 1925, and December 19, 1929. The draft of a new copyright law is now under discussion. (The new copyright law was promulgated on April 9, 1936, Federal Gazette No. 24, Decree No. 111, A. U.)

PRODUCTION-

During 1936 (10 months) the Austrian film industry produced 19 feature sound films and 10 short sound films, compared to 23 and 15 in all 1935, 16 and 155 in 1934, and 15 and 87 in 1933.

Little progress was made in the contemplated establishment of an institution to finance the production of Austrian films, but conferences have commenced with German and Austrian (bank) capital under consideration.

TAXES-

The tariff on sound films is 120 gold crowns (\$40.70 at current rate) per quintal, plus 4 percent of duty-paid c.i.f. invoice value.

(1) Local censors' fee - 50 schillings (\$9.25) per 1,000 meters, but not more than 100 schillings per film. Fee for Federal approval is 3 groschen per meter plus government stamps.

(2) Amusement ("Lustbarkeits") tax - 4 to 20 percent of gross receipts, depending on seating capacity and class of house. This tax has not been changed since December 15, 1933. Films reviewed and passed by the Ministry of Education and cultural shorts recognized as such by that Ministry in most of Austria enjoy a reduction of this tax, varying according to the classification the film has received. In Lower-Austria and Carinthia the amusement tax is entirely eliminated, in six other provinces it is reduced but in Vienna no reduction in the tax is made for films in these two categories.

(3) Owner or lessee pays usual taxes on earning and personal income, also various Federal or Municipal public welfare taxes (unemployment fund, insurance of employees against illness or accident, pension fund, etc.).

(4) For price of Vormerkscheine, compulsory purchase of cultural shorts, etc., see text.

THEATERS-

Estimated total 765 in Austria.

Detailed figures on the number of moving picture theaters in the nine provinces of Austria are given in the table below:

<u>Province</u>	<u>Sound</u>	<u>Silent</u>	<u>Total</u>
Vienna	176	2	178
Lower Austria	271	22	293
Upper Austria	71	16	87
Styria	62	10	72

<u>Province</u>	<u>Sound</u>	<u>Silent</u>	<u>Total</u>
Carinthia	26	7	33
Salzburg	20	6	26
Tirol	19	3	22
Vorarlberg	11	1	12
Burgenland	36	6	42
	---	---	---
Total	692	73	765

SOUND-

There are 692 theaters wired for sound. Of these 692 theaters, 271 are in Lower-Austria, 176 in Vienna, and the remainder, 245, in other provinces of Austria.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,056,661 ft.	\$42,207
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	1,520,842 ft.	\$30,471
Negative sound	19,174 ft.	\$1,917

BAHAMAS

LEGISLATION-

There appears to be no agitation against the exhibition of American motion pictures.

CENSORSHIP-

The Commandant of Police has charge of the censorship of motion picture films. No gangster films are permitted to be shown. The Cinematograph Act of 1912 (Bahamas Laws, Chapter 112) forbids the presentation or exhibition by means of a cinematograph or other similar apparatus, of "any picture, drawing, print, film, or representation of any kind, of a treasonable, seditious, profane, blasphemous, immoral, indecent, or obscene character."

COMPETITION-

Of the films shown in the Bahamas, 90 percent are of American production, the remaining 10 percent being British.

COPYRIGHT RELATIONS-

Same as the United Kingdom.

PRODUCTION-

There is no production whatever.

TAXES-

Are considered moderate.

THEATERS-

Five motion picture theaters are operated in the Bahamas.

SOUND-

All five theaters are wired for sound.

BARBADOS

LEGISLATION-

On January 1, 1936, there was put into effect a compulsory British exhibition quota of 20 percent on features and 50 percent on news reels, the former increasing in the second year to 25 percent. Because of British and other foreign films, not being available, the American importations were not affected and consequently increased.

CENSORSHIP-

There are no censorship laws in Barbados. However, there is an Act which requires the appointment of censors fully authorized to reject or change any film received on this market, and, furthermore, their decision can not be questioned or repealed. Local censorship is not considered as being strict, and while a considerable portion of the films shown here receive "cuts" it is believed such action is beneficial.

COMPETITION-

Of all the films shown, 95 percent are of American make.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

There is no production of motion pictures in Barbados.

TAXES-

There is no admission tax. A Parochial Trade Tax of 8.5 percent on net profits and a Colonial income tax on net profits amounting to 2/6 on the pound are levied. These taxes may vary slightly from year to year, being fixed by the appropriate bodies.

THEATERS-

There are at present 3 theaters in Barbados, all of which are wired for sound. The combined seating capacity of these theaters is 1,987. The average range of motion picture admission prices is from 12 to 48 cents for first-run theaters and from 6 to 24 cents in the second-run houses. The average motion picture program consists of a short news reel, comedy, and a feature. One theater, however, shows double feature programs on week ends. Two theaters change programs three times a week while the third theater changes its programs twice a week. The favorite type of film are those of a musical comedy nature. Next in importance are heavy dramas and comedies.

SOUND-

Three theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound-	9,597 ft.	\$144
Negative sound	---	---

BELGIUM

LEGISLATION-

The serious agitation for local synchronization of foreign pictures imported into the territory has abated, since the various organizations which at one time during 1935 were active for governmental intervention in behalf of the Belgian studios failed to establish their demands, and later disagreed among themselves as to the plan of operation for "dubbing". The result has been the disorganization of former syndicates. At the moment the American distributors are cooperating with a union of local exhibitors, producers, and other importers and distributors, while refusing to unite with them in a single corporate body. Pressure may eventually be brought to bear to create a single organization embracing all aspects of the Belgian cinema. For the time being, local synchronization has lost its importance as a central issue.

CENSORSHIP-

The only censorship to which a picture is submitted in Belgium is the "Commission de Controle" which decides whether a film can be played, and whether children are to be admitted. This formality is not obligatory, and if a distributor does not care to have his picture approved for projection before children under 16 years of age, he has the right not to present it at all before the said commission. During the 1935-36 season, 473 sound films were released.

Outstanding episodes in scenes to which the Belgian control takes exception are gun play, gambling, kidnaping, extortion, and intimidation. Therefore the attitude of the committee of control toward Wild West pictures is usually to order them so cut as to destroy the continuity and make films which were successfully exhibited in the United States less appealing in Belgium.

COMPETITION-

For sound films it is necessary to divide the country into three parts in relation to the language spoken:

	<u>American</u>	<u>German</u>	<u>French</u>	<u>Others</u>
Flemish-speaking area	163	64	52	49
French-speaking area	134	32	103	22
Brussels	164	32	103	35

COPYRIGHT RELATIONS-

Established by Presidential Proclamation on July 1, 1891, extended April 9, 1910, and July 14, 1911.

PRODUCTION-

Two sound films in Flemish; three sound films in French were produced during the 1935-36 season.

TAXES-

Taxes levied on the price of seats in cinemas at present are as follows:

(a) Establishments where the admission price has not exceeded 8 francs during the fortnight collection period taken into consideration:

Seats not exceeding 4 frs., 4% plus 10% of 4% crisis tax plus 25% of 4% town tax, 5.40%.

Seats between 4 and 5 frs., 6% plus 10% of 6% crisis tax plus 25% of 6% town tax, 8.10%.

Seats between 5 and 8 frs., 10% plus 20% of 10% crisis tax plus 25% of 10% town tax, 14.50%.

(b) Establishments where the admission price exceeds 8 francs:

Seats up to 5 frs., 6% plus 10% of 6% crisis tax plus 25% of 6% town tax, 8.10%.

Between 5 and 8 frs., 10% plus 20% of 10% crisis tax plus 25% of 10% town tax, 14.50%.

Between 8 and 12 frs., 12% plus 30% of 12% crisis tax plus 25% of 12% town tax, 18.60%.

Above 12 frs., 15% plus 30% of 15% crisis tax plus 25% of 15% town tax, 23.25%.

THEATERS-

Number to date, approximately 800.

The character of business has not improved much since last year. Negotiations for commitments are still very difficult, due to exhibitors being very cautious and unwilling to engage themselves for a long period, as they do not know what the general situation of the Belgian market will be during the coming months. This situation is due to political rather than economic uncertainty.

SOUND-

Approximately 740 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,459,347 ft.	\$45,227
Negative sound	70,392 ft.	\$4,383
1936 - (First 10 months)		
Positive sound	1,904,830 ft.	\$35,800
Negative sound	1,728 ft.	\$107

BERMUDA

LEGISLATION-

None detrimental to American films.

CENSORSHIP-

There are few censorship regulations in Bermuda, and such regulations as do exist are purely voluntary between the manager of the theater company and the Board of Education. If there is any feeling on the part of the management that objections might be found with any picture, members of the Board of Education and the Clergy of the Colony are invited to see the picture at a private showing.

COMPETITION-

There were 174 pictures contracted for during the year 1936; of these, 150 were American and 24 were British films. American films are popular in the Colony, both with the local population and with American and Canadian visitors, and it is believed that in the future only British films of exceptional quality will be used. In 1935 the total number of films shown was 160, of which 36 were British.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

There are no film studios in the Colony nor is it likely that any important number of pictures will ever be produced here. On rare occasions portions of American films are made here.

TAXES-

No amusement taxes are levied in the Colony by the Bermuda Government.

Motion picture films, excluding undeveloped films of British origin, are subject to an import duty of 1 pence, approximately 2 cents, per 100 feet. Films not of British origin are subject to an import duty of 6 pence, approximately 12 cents, per 100 feet, plus a surtax of 25 percent.

THEATERS-

At the present time there are but two important theaters in the Colony

and both are located in Hamilton, where shows are given nightly except Sundays. At Somerset and St. George's three shows weekly are given, and weekly shows are given at Bailey's Bay, Prospect, the Dockyard, and Southampton, a total of eight houses throughout the Colony. The houses in the City of Hamilton have a seating capacity of 385 and 400. The seating capacity at St. George's is 325, at Somerset 325, at Bailey's Bay 250, at Dockyard 200 and at Somerset 325. Admission prices have remained unchanged for several years, and range from 25 cents to 75 cents per person, with 50 cents being the regular price for admission to evening shows. Prices for matinees are 25 cents and 35 cents per person. A price of 75 cents per person is occasionally charged for special pictures.

SOUND-

Eight theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,988,304 ft.	\$38,839
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	1,507,024 ft.	\$30,562
Negative sound	---	---

BOLIVIA

LEGISLATION-

There is no definite legislation imposed against motion pictures. The only restriction is that of transmitting funds abroad.

CENSORSHIP-

The Government Decree of February 22, 1926, forbids admittance of children under 12 years to picture houses on week days. Censorship is executed by the various municipalities from moral, religious, and political standpoints, but it is not strict. Ten pictures were refused release in 1934. These were war pictures and most of them have since been released.

COMPETITION-

The films shown are 98 percent American.

COPYRIGHT RELATIONS-

There are no copyright relations with the United States.

PRODUCTION-

No films were produced during 1936. There are no studios in Bolivia.

TAXES-

In Bolivia there are the following national taxes collected in all parts of the country; 10 percent of gross receipts; stamp tax of from Bs. 0.02 to Bs. 2.50 per ticket according to price. In La Paz there is a 4 percent municipal tax, a municipal tax on outdoor advertisements, an annual municipal license tax of Bs. 2,000 for first-class theaters, and Bs. 1,000 for second-class theaters. In the other principal cities of the country, there are, in addition to national taxes, departmental taxes of from 6 to 10 percent of gross receipts and annual municipal license taxes of from Bs. 1,000 to Bs. 1,500.

THEATERS-

There are 19 theaters in Bolivia. Three in La Paz, two in Sucre, one in Cochabambo and one in Oruro may be considered relatively important.

Admission prices range between Bs. 2.50 and Bs. 3.00. Very rarely prices reach Bs. 4.00 for outstanding films. Sometimes prices are reduced to Bs. 1.00 for films that have been already shown several times. The usual program consists of a news reel, comedy, and feature picture. Theaters in La Paz offer one new film weekly which is generally exhibited about three times during the week. All other exhibitions are shown about three times during the week. All other exhibitions during the week are films that have been previously shown. Films preferred by the natives are musical comedies, sensationals, and thrillers. There is no special preference to nationality of stars and films in the Spanish language would probably be preferred, but exhibitions of pictures in this language are very few. English-language films enjoy a great preference over European-language films that have been shown.

SOUND-

There are 19 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	6,021 ft.	\$120
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	81,299 ft.	\$1,163
Negative sound	---	---

BRAZIL

LEGISLATION-

The law requiring exhibitors to show a minimum of 100 meters (328 feet) of domestic film with each program continued to sustain the 30-odd producers of news reels and short subjects. The action of the Federal Government in offering an annual cash premium for the best picture of this type produced has done much to improve the quality of domestic shorts. Despite this, however, the majority of these are technically poor and audiences continue to regard them as a necessary evil.

CENSORSHIP-

Brazilian censorship laws are regarded as reasonable, and their application appears to be uniformly fair throughout the entire country. Decree No. 21240 of April 4, 1932, sets forth justifiable reasons for the whole or partial rejection of a picture by the Board of Censors: (1) Offense to public decency; (2) suggestive of crime or other unconventional acts; (3) conveying illusions which might prove prejudicial to international relations; (4) insulting to race, collective groups, or religious sects; (5) offensive to National dignity or provocative of defiance to public order. Less than one-half of 1 percent of the 1,135,420 meters of film censored during the first 9 months of 1935 was rejected.

During the 10 months from January to October of 1936 a total of 1,215,574 meters (3,899,561 feet) of film was submitted for censorship, of which only 10,700 meters (34,325 feet) or less than 1 percent was rejected by the censors.

COMPETITION-

According to the records of the Federal Censorship Bureau of the Ministry of Justice, 86 percent of all the feature length pictures submitted for censorship during 10 months of 1936 were of American origin.

COPYRIGHT RELATIONS-

Protection is afforded titles which have been duly registered with the Censorship Board of the Ministry of Justice.

PRODUCTION-

During 1936 a total of 231,000 feet of motion pictures were produced in this country at an approximate cost of \$75,000. Of this footage 49,000 feet represented seven feature length sound pictures, while the balance (182,000 feet) consisted of 530 news reels and short subjects with sound accompaniment, ranging in length from 330 feet to 490 feet.

Although it may be said that some advancement was made by domestic producers during the year, locally made feature pictures are not regarded as a competitive factor and, being inferior to foreign pictures, their appeal is largely regional.

THEATERS-

According to the latest estimates of several of the larger film distributors, there was a total of 1,400 motion picture houses in Brazil at the close of 1936 of which only 30 are currently dark. Brazil's two leading cities, i.e., Rio de Janeiro and Sao Paulo have 90 and 60 houses, respectively, currently in operation.

SOUND-

According to latest estimates, 1,170 theaters are wired for sound, leaving only 230 houses, the majority of which are located in the interior, showing silent pictures. The aggregate seating capacity of Brazilian motion picture theaters is in excess of 645,000 seats.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	11,491,663 ft.	\$244,397
Negative sound	77,006 ft.	\$2,728
1936 - (First 10 months)		
Positive sound	10,408,169 ft.	\$202,433
Negative sound	21,531 ft.	\$506

BRITISH MALAYA

LEGISLATION-

The agitation for more British films which was evidenced in past years has almost completely died out. The wave of sentiment noticeable among Britishers here is now for quality films, and British films are subjected to the same degree of criticism as those manufactured in any other country. Films earning the largest gross revenue during 1936 have been American. Generally speaking, British films do not appeal to the native audiences, especially the Chinese, and theater owners seem willing to forego flag-waving when it adversely affects the box-office receipts.

There has been a general improvement in the class of British films shown during 1936, and some of them have attracted large audiences. British producers continue to sell their films on a fixed license fee plus cost of printing of the positive film. They have not as yet adopted a policy of selling their film on a basis which takes into consideration gross earnings of the film in the territory.

CENSORSHIP-

The local censor is sure to cut or ban any film which reflects on the prestige of the white race. Murder, gangster, excessive gun play, false imprisonment, or gruesome films are banned. In films that cover certain periods or costume plays the objections are relaxed to a certain extent but are practically all barred in modern themes.

There has been no change in the censor's fees, for the year on newly imported films of 100 feet, silent or sound; the charge is S\$1.20. Copies, provided the original has been censored, 30 (Straits) cents per 100 feet. For an appeal, after banning by the censor, the charge is S\$1.00. If the appeal is approved the reviewing fee for the whole film is S\$10. If the Appeal Board sustains the censor's ban the charge is S\$10 per reel for the first five reels and S\$5 per subsequent reel.

Of the Chinese films, those in Cantonese dialects are the best revenue makers. Films in the Hokien and National language (Kuo-U) are not as popular as they once were. This is probably because the production of pictures in those dialects is irregular.

Of the Indian films, those in the Tamil language are the most popular, followed by those in Hindustani. The majority of the Indians in British Malaya are of Tamil and Hindustani extraction.

Indian films are severely criticized for adapting an Indian story along American lines. At times they duplicate American scenes but cheapen the product. It is generally believed that the Indian films would be more successful if they would use their own historical background for themes and discontinue to imitate the American.

From a standpoint of making money, where the cast does not affect the story, the light comedy produces more money and appeals to more people than any other type. However, Malayan audiences are very partial to their favorite actor or actress and will attend any production in which they appear. The historical dramas shown here have been the largest revenue producers but the number of films in this category has been limited.

For a long time, musical films had a good appeal to local audiences, but unless the picture is almost totally different than the ordinary run of the mill musical show, they fail to make big money.

During the year 1936, there was a noticeable decrease in attendance at animal pictures which were very popular at one time. The public seems to have had enough of this type of picture for the time being. Society dramas have no appeal beyond the European and Eurasian audiences. Detective stories only draw fair audiences, with the possible exception of Charlie Chan. The success of the Charlie Chan pictures is due to the build-up of the leading

man. Aviation pictures are only mildly popular, and this type of picture makes less money than the average type.

COMETITION-

During the first 10 months of 1936, the Official Censor of Cinematograph Films of the S. S., F. M. S., and Jehore reviewed 4,183,600 feet of film, of which 2,555,000 feet was American film, as against 3,319,500 feet, during the first 9 months of 1935. During 1936, 61 percent of the films reviewed by the censor during the first 10 months was American as compared to 71-6/10 percent for the first 9 months of 1935.

Great Britain supplied 626,500 feet, China 785,000 feet, British topical 157,300, and other countries 59,200 feet to British Malaya during the first 10 months of 1936.

COPYRIGHT RELATIONS-

Practically the same as United Kingdom.

They are protected under an ordinance known as the Merchandise Marks Act. It is considered sufficient protection to the owner to publish a declaration of ownership in the local newspapers.

PRODUCTION-

Other than some wild animal and native life pictures made in Borueo, no pictures were produced.

TAXES-

There is no taxation on theaters in Malaya. The police, however, have a license fee according to seating capacity. In Malaya for cinema performances, if the theater seats less than 200 people, the fee is S\$2 per performance; seating not less than 200 people, S\$3 per performance; seating not more than 399 people S\$4 per performance; seating 400 people and over, S\$5 per performance. For second and subsequent performances on the same day, half of the above fees is charged.

THEATERS-

There were 122 theaters operating in British Malaya during 1936.

During the year two new theaters were opened in Kuala Lumpur and one in Butterworth. A new theater is under construction at Ipoh and two open air theaters have secured permission of the Municipality of Singapore to operate. It is generally believed, however, that only one of these open air heaters will materialize.

Economic conditions of the masses in British Malaya are continuing to improve. This condition has been reflected with increased box office receipts from most theaters and the outlook for 1937 is brighter than it has been for some years. There is no reason why American films should not continue to dominate the market.

Singapore is the distribution center of practically all films shown in British Malaya. All of the leading American film companies have representatives or agents located in Singapore.

SOUND-

There are 96 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,637,960 ft.	\$56,004
Negative sound	20,560 ft.	\$374
1936 - (First 10 months)		
Positive sound	2,344,119 ft.	\$49,471
Negative sound	---	---

CEYLON

LEGISLATION-

There are no quotas or other restrictions affecting the importation of cinematograph films other than the preferential import duty which is two-thirds of 1 rupee cent per foot in the case of films of British origin and 1 rupee cent per foot for films of foreign origin.

CENSORSHIP-

Films shown in Ceylon practically all come from India where they have been censored. Police have general control of all public performances. Appeal could be made against the decision of the police to the Mayor of Colombo, against whose decision the final authority is the Minister of Local Administration. Indian authorities inform Ceylon censors of all films they reject and the managers of cinemas are informed that such films would not be allowed in Ceylon.

COMPETITION-

The films shown are 60 percent American.

COPYRIGHT RELATIONS-

Same as in Great Britain.

PRODUCTION-

None.

TAXES-

There are no amusement taxes in force in Ceylon. However, exhibitors are obliged to pay a yearly assessment tax based on the seating capacity of the theater.

THEATERS-

There are 18 theaters, of which only 13 show regularly, the others being practically closed down or show at irregular intervals.

Eight theaters are located in Colombo, two in Kandy, and one each in Nuwara Eliya, Jaffna, and Galle. Three of the eight theaters located in Colombo exhibit, almost exclusively, Indian films in the Tamil, Hindustani, and Gujarati languages. In addition, there are several theaters throughout Ceylon which occasionally exhibit silent pictures.

The price of admission to the principal motion picture theaters varies from 50 rupee cents (\$0.18) to Rs. 3.00 (\$1.14).

SOUND-

There are 14 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	86,500 ft.	\$1,150
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	41,034 ft.	\$1,241
Negative sound	---	---

CHILE

LEGISLATION-

To date, there has been no legislation introduced for quota restrictions on imports of American films. The continued control of exchange operations during the past year has made the importation of foreign films, most of which

are supplied by the United States, difficult. During the latter part of the year motion picture films were classified as luxuries, for which only gold exchange, at the rate of 35.00 pesos to the dollar as compared to the export draft rate of approximately 26.00 pesos, could be used.

CENSORSHIP-

The Censorship Board is considered very liberal in passing on films. The representatives of one American film company advises that during the last five years only two of their films have been censored and not permitted to be shown in the country, one for moral, the other for political reasons. This board seems to be most concerned with films which might cause disturbances by political elements.

Each film when passed by the board is classified as follows: (1) Suitable for children; (2) Suitable for children over 15 years old, and (3) Not recommended for young girls. If a film is not approved for children, minors under fifteen years can not be admitted to the theaters when such films are being shown and this rule is quite strictly adhered to.

The censorship fee is 140 pesos for each feature picture and, in the Municipalities of Santiago, Valparaiso and Concepcion, there is a charge of 40 pesos for the first showing of a film. It is left to each municipality to determine the amount of this fee.

In connection with censorship, according to Decree Law 558 of September 26, 1925, 20 pesos of each fee go to the National Library for the purchase of books for its children's section and 20 pesos to a fund for children's playgrounds and popular theaters. Considerable publicity has been given by the press in recent months to the construction of a children's theater in Santiago, to cost approximately 100,000 pesos. While the Municipality has given its approval to the construction of such a theater, lack of funds will probably prevent any definite action for some time.

COMPETITION-

While by far the greatest percentage of films is still imported from the United States, during the past year this percentage showed a decrease over previous years, distribution being estimated as follows:

American.....	80%
British.....	5%
French.....	5%
German.....	3%
Argentine.....	2%
Spanish.....	5%

It seems rather a paradox that Spanish language talkies have never been successful in Chile, the general preference being for talking pictures in English with superimposed sub-titles. However, just recently there was an article on the editorial page of the chief Santiago daily, criticizing such titles very harshly and saying that they were most irritating to a person of culture since they reflect the spirit of the pictures so inadequately and use such poor phrasing and bad grammar. The article stated that since the Hispanic-American film market was such a large and important one, the public could very well demand a much higher quality in these titles.

The types of pictures preferred vary in different sections. Musical productions and society plays are more popular in the down town theaters of the three chief Chilean cities whereas the neighborhood houses and the more popular type of theater prefer adventure films. Least popular are those pictures in a foreign language with a great deal of conversation. We are informed that a high class picture shown successfully in any of the down town theaters in Santiago will often be an absolute failure in the neighborhood houses.

COPYRIGHT RELATIONS-

There has been no change in the copyright law within the past year. Decree Law No. 345 of March 17, 1925 still applies.

PRODUCTION-

As there is no national production, if we except a few shorts of Chilean scenes and industries made under Government auspices, the industry is entirely dependent on imported films.

TAXES-

Municipal taxes vary according to the location and the classification of the theater. Decree law 245 of May 15, 1931, established a scale of fees, ranging from 100 to 1,200 pesos per annum for theaters, motion picture houses, etc. These fees were increased 15 percent in 1936. The municipal license fee charged film distributing organizations is high, amounting in the case of one well known American film company to 3,025 pesos per annum. There are also charges for posters and electric signs.

Government taxes include an admission tax of 10 percent; income tax of the third category according to which 6 percent is paid on an income of less than 10,000 pesos; 8 percent on income between 10,000 and 50,000 pesos and 10 percent on income over 50,000 pesos, and a sales tax of 2½ percent on net income.

THEATERS-

According to data published in the Anuario Cinematografico early in 1936, there were 208 theaters operating in Chile, since which time six more have been placed in operation in Santiago.

Motion pictures are very popular in Chile and this is especially true of Santiago where there are many modern theaters, six having been inaugurated during the past year with a seating capacity of 14,184 and several more being in process of construction. This popularity extends through all classes. During the winter, the afternoon program which usually begins at 6:30 is in the nature of a social function whereas the large number of theaters erected within the last few years in thickly populated sections of the city, having the majority of their seats in the gallery, is evidence of the increase in favor with the poorer classes of this kind of entertainment.

SOUND-

Of these 214 theaters, approximately 189 are wired for sound. Santiago now has 58, all wired; Valparaiso 15, all wired except 1; Vina del Mar. 5, all wired. About 70 of these sound installations were locally assembled while approximately 84 were supplied by two American manufacturers, the remainder being divided among other American and European manufacturers.

IMPORTS FROM UNITED STATES-

1935 - Positive sound	3,676,243 ft.	\$117,528
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	3,242,447	\$131,331
Negative sound	15,302	450

CHINA

LEGISLATION-

The feeling continues with increasing intensity that at times American pictures depict the Chinese in an unfavorable manner. It has been noted, however, that for some time past American producers have become increasingly aware of this situation, not only in China, but in foreign countries in general, and are endeavoring to avoid situations or dialogue that could be construed as disparaging to the peoples of other nations. China offers big potentialities for American films and intelligent consideration should be given to the market's expansion possibilities. Writers and producers when dealing

with things Chinese should bear in mind the Chinese point of view and thereby avoid censure, gain increased revenue, and add to the prestige and desirability of American films in China.

CENSORSHIP-

The liquidation of the Kwangtung independent provincial regime during 1936, and the amalgamation of this important area with that of the National Government had a direct effect upon the censorship requirements formerly enforced at Canton. Prior to the direct control of this area by the National Government, Canton demanded a censorship fee in addition to the fee levied by the Central Motion Picture Censorship Board in Nanking. This Canton requirement was in complete disregard to instructions issued by the Nanking authorities which stated that all films passed by the Central Motion Picture Censorship Board were free from further provincial censorship in China. Upon the fall of this independent political regime in July, the Canton Censorship Board was abolished and all motion pictures have since been relieved of this local administration. In addition to Nanking censorship, local censorship at no additional charge is enforced in the International Settlement and French Concession at Shanghai; separate certificates are necessary for the British Crown Colony of Hong Kong for which a nominal charge is made, while films entering Manchuria (as distinguished from the South Manchuria Railway Zone) must first pass the censorship of the Department of Civil Affairs at Hsinking (formerly known as Changchun). Films entering the South Manchuria Railway Zone are charged a nominal inspection fee by the Dairen police which permits their exhibition throughout this entire area without further censoring.

When feature motion pictures imported from abroad are submitted to the Censorship Board at Nanking for inspection, they must be accompanied by 20 printed copies of an English-Chinese translation of the story, its dialog and action, as well as a table of contents of each separate reel; 10 printed copies of the dialog and action as translated for the title slides that will subsequently be made and used in conjunction with the actual showing of the film or be subsequently engraved on the emulsion of the film itself, and 4 complete copies of the foreign language continuity detailing the dialog and action. Shorts and news reels require 16 printed copies of a Chinese translation of the dialog, titles, and action, while trailers require 8 copies. All of the above printed matter, with the exception of the foreign language continuities which are generally made up in the country of origin, must be printed on special forms authorized by the Censor Board and at the expense of the distributor. The censorship fee levied by the Nanking authorities is yuan 20.00 per 500 meters or fraction thereof. After the Board's approval, a license and tax fee amounting to yuan 3.10 is charged per subject. Stronger measures have recently been adopted whereby the prints of all foreign motion pictures imported into China and deemed derogatory to the nation by the Central Film Censorship Board will be confiscated. In addition to this, there are strong possibilities that efforts will be made to have every motion picture

that has been judged derogatory to China confiscated and destroyed, exhibited neither in China nor anywhere abroad. It is said that any producer refusing to comply will find his product banned from China permanently.

COMPETITION-

Approximately 80 percent of the films exhibited in China are American films. This represents an increase of approximately 2 percent when compared with the 1935 estimates. During the first 6 months of 1936, the business of American film distributors in China rose approximately 35 percent when compared with the business done during the corresponding period in 1935. This level, however, was not maintained during the last half of the year as witnessed by the fact that box-office receipts, contract renewals, and the distribution business in general dropped for the majority of the companies to the 1935 level and in some instances even below.

This decline in revenue is mainly attributed to political disturbances in the North and to the unsettled conditions that obtained during the liquidation of the Kwantung independent provincial regime in the South, together with the distinct increase witnessed in the popularity, quality, and distribution of Chinese pictures which has chiefly been accomplished through Government promotional activities instigated to stimulate and foster this Chinese industry.

Despite further efforts of European producers to favorably establish their product in China, American pictures continued to maintain their strong position in this market. This is due in no small degree to the ably directed distributional organizations handling the products of the major companies in China, together with the skill and technical resources maintained by the studios in the United States. Definite improvement has been made by most of the major studios in that they now allow their China representative to select pictures, from their respective company's program, which would be most suitable for release in China. Formerly this system was not so generally adopted and many of the films that were imported met with mediocre receipts or ran into censorship difficulties with its attendant red tape when such might have been avoided had the selection been left to the judgment of local representatives.

The gain noted during 1935 in the release of British pictures in China did not continue during 1936, and it is believed that in most cases financial loss was the result of these further attempts to popularize the British product. Occasionally outstanding productions of the British studios are shown and have met with varying degrees of success, but the average program pictures of these companies have not been popular with theater managers.

Films of action and adventure, melodrama, comedy, and musicals continue to be most generally liked by the Chinese. Pictures of the "gangster" type are steadily losing their box-office value, while historical epics, light comedy, musicals, and stories with a sentimental appeal are becoming increasingly popular in both the large coastal cities and those of smaller size in the interior.

Westerns or "horse operas" have lost considerable ground and their future value to distributors in the China field is doubtful except in the case of smash hits.

COPYRIGHT RELATIONS-

United States Commercial Treaty of October 8, 1903, provides for reciprocal protection.

PRODUCTION-

Inasmuch as this resume has been prepared before the end of the year, exact figures on the number of Chinese pictures produced during 1936 are not yet available. Estimates gathered from Chinese producers and distributors in Shanghai and Canton, the two principal centers of production, reveal that during the year the transition from silent to sound films, which was generally begun in 1934 and 1935, has now been practically completed. In 1935 there were approximately 12 silent features and 34 sound features produced in the Shanghai studios, while reports from Canton show that there were approximately 30 sound features (Cantonese dialect) and only several silent films produced, thus making a total of approximately 64 feature sound films and about 16 silent for that year. Incomplete returns for 1936 from Shanghai studios show that approximately 43 to 50 sound features will have been produced and only several silent films. Production figures for Canton for 1936 are unavailable at this time, but it is believed they will correspond to the production increase witnessed in the Shanghai studios during the year.

One of the interesting developments in 1936, and which is directly a result of the liquidation of the Kwantung independent provincial regime, is that the Cantonese dialect for picture purposes is definitely discouraged. It is believed that high officials of the Central Publicity Committee in Nanking have decreed that the use of dialects other than Mandarin, the national language, will be prohibited in domestically produced motion pictures. However, all motion pictures with Cantonese dialog now in circulation will be allowed to continue showing in Kwangtung and Kwangsi, but pictures now under production and using the Cantonese dialect must be completed and censored at Nanking within 2 months (ending about December 31) and from then on, no picture with such dialog may be produced.

Chinese studios were not active during the first half of 1936, but production increased noticeably during the latter half partly as a result of government promotional activities instigated to create interest in domestically produced pictures which have had emphasis placed on more modern methods of technique. Films having a patriotic appeal have been especially successful during the year. Principal improvements for 1936 in the industry are: (1) Increased efforts to modernize studio equipment, (2) condensation of story plots, (3) quality of photography, (4) construction of sets and set dressing, and (5) advertising. There is still, however, much room for improvement

in such departments as financial and business management, direction, recording, dubbing, special effects, editing, and laboratory work. Much of this improvement, of course, depends upon the installation of proper equipment and facilities for training technicians in its use.

Definite advances have also been made in educational motion pictures during the year. The Ministry of Education has put into execution a plan which has three main objectives (1) to use educational films to supplement teaching in the primary and secondary schools, (2) to import common knowledge to the masses, and (3) to provide suitable recreation for the public by the showing of films of educational value. Each province has been divided into two or three districts in order to facilitate the distribution of films. One trained operator is assigned to each district, and his duties are to show educational films in every town and village in his district. These programs are to be supplied regularly by the Ministry and presented in schools, guild halls, temples, or wherever it is conveniently suitable. This operator works under the direct supervision of the Department of Education of his particular province, and each provincial department is held responsible for the distribution and showing of these films and must submit monthly reports to the Ministry.

The Central Studio in Nanking, a government project completed in 1935, has evidenced genuine merit in the technical resources employed in the two feature sound pictures it produced in 1936, namely, "The Warrior" and "The Secret Code".

One of the highlights in the distribution field is the rapid stride Nanking has made in assuming a place of major importance for the exhibition of motion pictures. Fifteen years ago, with a population of approximately 300,000 the city has rapidly grown in size until today 1 million people are within the capital's limits. However, as recently as 5 years ago the city was not considered of any value to distributors; Shanghai, Hong Kong, Canton, and Tientsin then holding the ranking positions for the release of imported pictures. Today such is not the case; Nanking has moved into third place being surpassed only by Shanghai and Hong Kong for the release of both foreign and domestic pictures. In addition to 4 sound theaters showing first-run Chinese pictures and second-run foreign films, the city has two large, first-class cinemas, "The New Capitol" and "The State", the latter being opened during the year and is favorably comparable to first-class theaters in the United States.

Chinese pictures are steadily gaining in domestic popularity, and producers are now paying increased attention to their entertainment and educational value as well as extending efforts to improve their technical qualities.

TAXES-

Taxation is high and varies in different parts of the country.

THEATERS-

There are about 300 standing theater properties including Manchuria, Hong Kong, and Macao, with an aggregate seating capacity of approximately 155,000 for theaters equipped for sound and approximately 80,000 for silent houses.

SOUND-

Approximately 183 theaters are wired for sound with an average seating capacity of 850 per house. During 1936 the installation of American sound reproducers for projection equipment is reported to have advanced by more than 100 percent compared with 1935. This increase is principally attributed to augmented sales efforts on the part of American representatives in China and to the fact that silent theaters are being converted into sound theaters with another contributing factor being that much of the old sound equipment of various makes has now become obsolete. Theater owners are also becoming increasingly aware that the additional expenditure necessary for the installation of American equipment is compensated for by its durability, quality, and by box-office receipts. These new orders have chiefly gone into first class theaters situated in the larger cities such as Shanghai, Nanking, Hong Kong, and Canton and are about equally distributed between foreign and Chinese enterprises.

It still holds true, however, that China generally remains a price market particularly for equipment of this type. While domestically manufactured or "reassembled" sound reproducers are principally used in the smaller Chinese theaters, the market for such equipment has not progressed in proportion to the rise witnessed in the demand for the American product. In fact, one of the leading Chinese manufacturers of sound reproducers discontinued this line of business during the year, as it is reported to have proved unprofitable because of delayed payments of outstanding accounts and to instances of minor organizations copying their product to the detriment of their own sales. While American representatives are anticipating that the 1937 market will remain at least on par with the 1936 level, China's nationalization of silver and the yuan's subsequent decline in value in terms of foreign currencies, coupled with domestic products and other offerings from abroad, such conditions, exclusive of any political uncertainties, may tend to make it increasingly difficult for the Chinese to extend their full import volume of business to American manufacturers or permit them to take complete advantage of the superior products offered by American manufacturers of sound equipment.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,633,027 ft.	\$29,455
Negative sound	---	---

1936 - (First 10 months)

Positive sound	1,262,514 ft.	\$21,394
Negative sound	56,780 ft.	\$496

COLOMBIA

LEGISLATION-

None.

CENSORSHIP-

The censorship of films comes under the direct control of the National Government in accordance with the provisions of Censorship Decrees Nos. 331 and 700 of 1932. Boards of censorship in each departmental capital, consisting of three members and three alternates (five members and alternates in the City of Bogota), serving without remuneration review pictures in each department. Once a picture has been passed by two members of any departmental board of censors the law prescribes that it may be exhibited throughout the Republic without further censorship. However, in practice certain departmental boards of censors insist upon approving a previously censored picture before allowing it to be shown in the district under their jurisdiction. Censorship is not strict.

COMPETITION-

Approximately 80 percent of the features released in Colombia are American made. During the past year there has been a considerable increase in the number of British features displayed, and also some increase in the number of French, German, and Mexican pictures shown.

COPYRIGHT RELATIONS-

Colombian basic copyright law dates from 1886 and subsequent laws do not specifically deal with motion pictures. Present copyright laws are considered inadequate. Colombia is not a member of the International Convention. The following laws and decrees make up Colombian copyright Legislation:

Law 32 of 1886, Decree of 1886.

Law 57 of 1887, Decree 1226 of 1922.

Law 104 of 1922, Decree 1708 of 1930.

PRODUCTION-

There are no studios in Colombia, production being limited to occasional news reels and advertising films.

TAXES-

The National Defense Tax of 10 percent on gross receipts of motion picture exhibitions established by Law 10 of 1932, was modified by Presidential Decree effective as of March 1, 1935, as follows: 5 percent on tickets up to and including 20 centavos, 6 percent on tickets from 21 centavos to 30 centavos, 7 percent on tickets from 31 centavos to 40 centavos, 8 percent on tickets from 41 centavos to 60 centavos, 10 percent on tickets of over 60 centavos.

This reduction represents a saving of about 3.5 percent of the former tax, and lowers direct taxes on the motion picture exhibitor to about 20 percent as compared to 23.5 percent previous to the recent decree.

Poster taxes: for one-sheet posters, 0.80 centavos per set of 30; for two-sheet posters, 1.60 pesos per set of 30; for three-sheet posters, 2.40 pesos per set of 30. (Peso valued at approximately \$0.57 U. S.).

THEATERS-

There are approximately 210 theaters in Colombia with a total seating capacity of 40,000.

One of the most interesting developments in the motion picture exhibition business in Colombia during recent months has been the steady increase in the number of non-American films shown in Colombian motion picture houses. The more effective competition is to be found in European produced pictures, but films of Latin American origin also are being marketed even though in comparatively small numbers.

It is believed that British-made films represent the most important competition both from a quality and numerical standpoint. The theater-going public, while seemingly preferring American-made pictures because of more interesting plots, better acting, and superior direction, appreciate the superiority of the British picture over its European rivals.

SOUND-

There are 130 theaters wired for sound, and about 30 others are supplied periodically with portable sound equipment.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	3,131,891 ft.	\$65,270
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	2,640,754 ft.	\$58,950
Negative sound	30,362 ft.	\$891

COSTS RICA

LEGISLATION-

There are no laws affecting the importation of motion pictures.

CENSORSHIP-

There is a Government censor. The censor is appointed by the Governor of San Jose, though the Secretary for the Interior is the final judge.

COMPETITION-

During 1936, out of 484 films shown in Costa Rica, 449 were American.

COPYRIGHT RELATIONS-

Exchange of copyright courtesies.

PRODUCTION-

No films are produced in Costa Rica.

TAXES-

A tax is imposed by the National Government of 5 percent of the gross box receipts. Another tax of 5 percent is imposed in the net receipts (income tax) This latter tax applies to practically all businesses.

THEATERS-

There are 37 theaters in Costa Rica. Total seating capacity, 20,727.

Theaters present shows daily at 3, 7 and 8:30 p.m., and on Sundays and holidays give additional exhibitions. Tastes of audiences are similar to those in the United States, with action pictures in demand. American stars and American pictures in general, with super-imposed titles in Spanish are preferred. There is a general objection to dubbed Spanish films.

SOUND-

There are 36 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	512,095 ft.	\$6,610
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Negative sound	---	---
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1936 - (First 10 months)

Positive sound

335,206 ft.

\$3,948

Negative sound

CUBA

LEGISLATION-

In the Gaceta Oficial of June 10, 1936, Extraordinary Edition No. 190, there appeared Decree No. 1556 signed by the President and the Secretary of Interior on June 8, 1936, creating a Cuban Board of Motion Picture Censors in the city of New York. The stated purpose of this board is to review all pictures destined for Cuban distribution which have been produced in the United States. The old Board of Review, Comision Revisora de Peliculas created by Decree 1521 of September 20, 1926, and 361 of March 2, 1927, will continue to function in Habana, but its activities have been limited to reviewing pictures not produced in the United States.

As a result of protests by American film companies and their refusal to submit films to the New York Board there was issued Decree No. 2131, published in the August 5 issue of the Official Gazette rendering null and void Decree No. 1556 of June 2, published in the Official Gazette of June 10, which authorized the establishment in New York of a film censorship board.

By the dissolution of the New York board, censorship of American films is returned to the Habana Censorship Board.

A bill has been introduced in the Cuban Senate providing for the creation of an organization to be known as the Patronato de la Cinematografia Nacional (National Motion Picture Board), to supervise, foment, and otherwise assist the development of a motion-picture industry on the Island.

The proposed legislation would create an Academia de Cinematografia (Motion Picture Academy) which would engage the services of cameramen, make-up artists, electricians, etc., organize a section of declamation for motion-picture work, provide dancing masters, etc.

The bill also states that the Board would lend financial assistance to Cuban individuals or companies set up in the country to produce films.

Funds for the financing of the Board and its activities would be raised by an emission of postage stamps not exceeding a total face value of 100,000 pesos. A special drawing of the National Lottery is also proposed in the bill, to enlarge the funds of the Board.

CENSORSHIP-

Regulations governing the censorship of films provide for the inspection of films by the Film Censorship Board under the jurisdiction of the Department of the Interior (Gobernacion). The decision as to whether a picture may or may not be exhibited is determined by this Board, which was reorganized in August 1936, and is composed of the Secretary of the Interior and five members. Decisions are valid provided they are concurred in by three of the members. Most of the films are approved by the Commission from synopsis sheets and photographs. Law No. 61, promulgated in the Gaceta Oficial on April 3, 1935, creates a "Comision Nacional de Examen de Obras Teatrales y Peliculas Cinematograficas", to be composed of 11 members of various organizations.

The Secretaria de Gobernacion (Department of the Interior) which is charged with the censorship of motion pictures exhibited in Cuba, has verbally requested the distributors of news-reel films to make an effort to eliminate from such films all scenes showing salutes of the factions engaged in the Spanish civil war. The step has been taken in order to lessen the possibility of disturbances in the theaters, due to the too vigorous expression of approval on the part of members of the audience, of one or other of the warring groups.

COMPETITION-

Films shown are 80 to 85 percent American. The remaining business is divided among the films from Great Britain, Spain, France, Germany, Mexico, and Argentina.

COPYRIGHT RELATIONS-

Copyright Act 1909 by Presidential Proclamation, November 17, 1902, extended April 9, 1920, December 9, 1920. The new Patent and Trade Mark Law of 1936 gives special protection to motion picture films apart from that under copyright law. Trade mark of manufacturer or producer must have been registered prior to application for registration of film. Application must be held by producer or assignee in Cuba.

PRODUCTION-

Motion pictures are not produced in Cuba. There is a small production from time to time of news film shots. Two firms have been working during recent months in the preparation, for showing in Cuban theaters, of very short films with sound accompaniment, of an advertising nature.

TAXES-

Distributors in Habana are subject to a municipal business tax of \$375.00 per year. They are also subject to the Cuban Government tax of 3 percent on gross receipts and a tax of $1\frac{1}{2}$ percent on gross sales. In addition, there is a scaled stamp tax on the face value of contracts signed by exhibitors and distributors; $\frac{1}{4}$ percent remittance tax; and maternity tax of $\frac{1}{2}$ percent of gross payroll.

THEATERS-

It is estimated that at present about 350 theaters are in operation throughout the Island.

SOUND-

Estimates place number of theaters equipped with sound apparatus at 300.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	5,107,132 ft.	\$97,827
Negative sound	1,006 ft.	\$20
1936 - (First 10 months)		
Positive sound	4,500,179 ft.	\$89,123
Negative sound	21,328 ft.	\$216

CZECHOSLOVAKIA

LEGISLATION-

American producers resumed distribution on February 8, 1935, no American sound feature having been sold by any large producers from April 30, 1932, until that date, with the exception of one company which was bound by contractual relations. Negotiations regarding the return of American pictures to the market were conducted several times in 1933 and in 1934 without result, owing to refusal of Government to modify existing control. At the end of October 1934, negotiations were resumed.

An instruction of the Ministry of Commerce, published in the Official Gazette of November 16, 1934, and effective on that date, set forth certain new regulations applying to the import of exposed motion-picture films. The provisions thereof, with subsequent amendments, were as follows:

1. Exposed motion pictures may be imported only by individuals, companies, or juridical persons who possess a trade license for producing or

dealing in such films and who comply with the provisions set forth in this instruction, provided that upon their own application they are entered in the register of importers by the Ministry of Commerce. Import licenses are not transferable and will be issued to the exchange which will distribute the respective films in the country.

2. Applications for an import permit are to be submitted through the Czechoslovak Association of Film Industry and Trade in Prague.

3. Each importer must in advance and at his own expense show the picture to the Film Advisory Committee.

4. Each sound feature film imported into Czechoslovakia and approved by the Film Advisory Committee must be entered in the register of imported sound feature films, which is kept by the Czechoslovak Association of Film Industry and Trade in Prague.

Imported silent pictures, as well as sound features up to 300 meters in length, nature, sport, industrial, news, and documentary pictures must be entered in the register of other imported pictures, kept by the Czechoslovak Association of Motion Picture Industry and Trade at Prague.

5. Entry in the register may be made only when the applicant submits a certificate from the Ministry of Commerce showing that there are no objections to the import of the picture under consideration.

6. Only after the importer submits evidence that the picture has been entered in the register will the Ministry of Commerce issue to him an import permit for customs clearance and a certificate designated for the Ministry of Interior to be presented when the picture is submitted for censorship.

7. Imports of exposed motion picture films will be permitted in Czech language versions and in the language version of the country of origin. Dubbing of imported films to be shown in Czechoslovakia into another language is permitted only in cases when dubbing has first been done in the Czech language. All copies of imported films shown in a version of the language spoken by a local minority must be provided with superimposed titles in the Czech language. The titles must be made in Czechoslovakia. Exceptions from the above provisions may be granted by the Ministry of Commerce after a hearing of the Film Advisory Committee.

8. Importers of news reels must include, weekly, at least 20 percent of the total meterage in quality Czechoslovak sound news and must have all copies of news reels made in that country.

9. Whoever imports a minimum of five sound feature pictures during a 12-month period must prove prior to October 1 of each current year that he is

offering for distribution at least one cultural-propaganda short produced in Czechoslovakia in accordance with the suggestions of the confirmed Film Advisory committee. A producer of a sound feature picture may be released from this obligation by following a hearing by the Film Advisory Committee, provided said producer's feature contains sufficient cultural subject matter.

10. The proceeds of the registration fees will be applied to subsidizing the production of Czechoslovak sound films. The Association will pay to the producers of these films, within the limits of these funds, a maximum subsidy of 210,000 crowns per film under the following conditions, as amended to date:

(a) The producer is to submit the complete scenario to the Film Advisory Committee at least 3 weeks before starting production.

(b) The Film Advisory Committee, under regulations adopted October 27, 1936, shall classify contemplated Czech feature productions into four categories: (1) those which the Committee does not recognize and therefore grants no subsidy; (2) those which the committee recognizes and accords a subsidy of 70,000 crowns; (3) those which the committee recognizes and recommends and accords a subsidy of 140,000 crowns; (4) those which the Committee considers of exceptional quality and accords a subsidy of 210,000 crowns.

(c) Upon approval of the scenario by the Film Advisory Committee and upon submission of proof by the producer that production has been started in a local studio, the Association will pay 70,000 Czechoslovak crowns to the producer.

(d) The remainder of whatever subsidy is awarded the producer is to be paid to the producer when the finished film is approved by the Film Advisory Committee which may refuse payment in total or in part, if the quality of the film is not satisfactory.

(e) Producers of educational or propaganda films approved by the Film Advisory Committee will receive a subsidy fixed by the Film Advisory Committee.

11. Provided that no uniform circumstances endanger the duration of this new regulation of importation of films into Czechoslovakia, the Czechoslovak authorities hope it will give satisfaction and will remain in force for a period acceptable to the importers.

Because the new instruction failed to contain a time clause and because United States companies considered even the new regime as being discriminatory against American pictures in favor of German sound films, they did not return to the market, and no further negotiations were carried on until January 14, 1935, when an agreement was reached with the Czechoslovak authorities.

The American companies accepted the major points of the new regime in principal as it provided basically for a free market. In return the Americans procured a valuable concession which enables them to bring in without payment of the regular 20,000 crowns registration fee one picture dubbed in German for every 8 American sound features imported. The companies are permitted to distribute the dubbed film in sections where English sound features have no market because of German competition, i. e., in certain districts specifically designated by the local authorities where the majority of the population is German. The granting of this concession, which was important because it presented to American firms operating in the market a unique opportunity of amortizing German dubbed films which they are obliged to produce in Germany and Austria in order to remain in those markets, assured the return of American companies and they resumed distribution on February 8, 1935.

A total of 16 such dubbed films were brought in under this arrangement during 1935, and as far as can be ascertained at this time, about 14 were imported during the first 10 months of 1936.

American Companies Leave Association.

Feeling that the voting power which they had in the Czechoslovak Association of Motion Picture Industry and Trade was not commensurate to their importance as distributors of films in Czechoslovakia, the five branches of American film distributors operating in Czechoslovakia stepped out of the Association in November 1936 and established an independent organization known as the Federation of Film Import and Trade in the Czechoslovak Republic. Questions pending, on which the American distributors did not wish the Association to speak for them, include the proposed establishment of a Film Exchange to regulate film distribution and trade and the concentration of power implied therein. Less important was the alleged inadequate representation on the Film Advisory Committee. It appears possible that in addition to the representative of the Association of Motion Picture Industry and Trade a representative of the newly created Federation will be admitted to the Committee.

CENSORSHIP.

Under the Ministry of the Interior, censorship is very strict. A total of 1,081 pictures were censored during 1935, of which 1,060 were released for showing, including 346 sound feature films. Of the 21 pictures banned, 13 were American and 5 were German. During the January to September period of 1936, 220 feature films were passed by the Board of Censors. There were 101 features of American origin, of which 13 were German versions.

COMPETITION-

Of the total 346 sound features released by the censors, 157 were American, 80 German, 36 Czechoslovak, 20 Austrian, 18 French, and 13 British,

other countries supplying 22 features. This indicates the important position American companies have assumed since distribution was resumed on the Czechoslovak market February 8, 1935. In 1934 only 25 American features had been authorized for showing. Preliminary returns for the first 10 months of 1936 show that 111 sound features (including 14 German versions) out of a censored total of 250 features were American.

COPYRIGHT RELATIONS-

Reciprocal declarations between Czechoslovakia and the United States were exchanged April 27, 1927. Citizens of one country are assured full copyright protections in territory of the other country. This went into effect March 1, 1927, under United States Copyright Act of March 4, 1909, and Czechoslovak Copyright Law of November 24, 1926, and amendment made thereto in Law of April 24, 1936.

PRODUCTION-

During 1935, a total of 24 sound feature films were produced, of which 21 were in Czech and 3 in other languages (German and French). In addition, 6 versions of Czech films were made. During the first 9 months of 1936, 19 feature films produced in Czechoslovakia were passed by the film censors.

STUDIOS-

The A-B Motion Picture Studios showed a net profit of 282,435 crowns from 1935 operations as against 324,504 crowns in 1934. Czechoslovakia's second studio, the "Host", which has been in financial difficulties since it was opened (and even before) in 1934 procured a Government guarantee of credits in an amount of 3,500,000 crowns in October 1936. A third film studio and a color film laboratory are reported as projected.

TAXES-

Very high. The present municipal entertainment taxes average 35 percent of gross receipts in sound theaters and 25 percent in silent theaters. The Ministry of Interior has prepared a draft of a law which would lower these rates to about 20 percent and 15 percent, respectively, and in addition establish differential tax rates for films rated according to cultural value.

THEATERS-

There are 1,833 theaters (290 showing daily, 715 two to six times weekly, and 828 once weekly) as against 1,955 at the close of 1933. The decrease resulted from communities where unemployment has been particularly heavy. The total seating capacity was 578,877 persons.

SOUND-

Of all theaters, 1,343 were wired for sound and had a seating capacity of 483,615 representing an increase of 525 theaters in the last 2 years.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,292,182 ft.	\$26,725
Negative sound	52,770 ft.	\$2,160
1936 - (First 10 months)		
Positive sound	1,523,912 ft.	\$29,349
Negative sound	16,172 ft.	\$202

DENMARK

LEGISLATION-

As in recent years, motion pictures during 1936 were not affected by the Danish import control system which has severely reduced the importation of most other commodities, especially those of American origin. However, since July 1936 import permits have been required for the importation of exposed films with Danish text and as a result such films are now provided with Danish text locally by such firms as Nordisk Films Company A/S, Frederiksberggade 25, and Joh. Ankerstjerna, Lygten 49, both in Copenhagen. A proposal for a new foreign exchange control law is now under consideration by the legislature, which will extent the system until the end of 1938, but so far as can be ascertained this will not operate to restrict the importation of films.

Patent Decision.

The supreme court in Denmark on October 14, 1934, sustained a decision of a lower court granting an injunction to Nordisk Films Company A/S, Copenhagen, forbidding the showing in Denmark of American pictures using the so-called "noiseless intensity system" on the ground that this use infringed the Petersen & Poulsen patents held by Nordisk Films Company A/S. Following this decision four American companies closed agreements with Nordisk Films Company A/S whereby the American companies obliged themselves to pay a license fee to the Danish company amounting to 350 kroner for each film shown using the "noiseless" patent. The agreement run for 6 years from February 5, 1934, the date of the injunction. The agreements further provide that news reels and shorts are exempt from the tax if they are shown only as extra numbers. If they comprise the major part of the program they are subject to the fee.

Two American film companies refused to sign the agreement, claiming that their films, which are re-recorded on special equipment, are not covered by the Nordisk Film Patent. The lower court in these cases upheld the legality of showing these re-recorded films without payment of a license fee and the case was appealed to the supreme court which in the early part of 1936

affirmed the decision. Nevertheless, one of these companies made an agreement obliging itself to pay 700 kroner for each film shown using the "noiseless" patent.

The other American company which won its case continues to import its own re-recorded films.

It is claimed that the Petersen & Poulsen motion picture patents cover the "noiseless intensity system" as used by a well known American company.

Efforts are being made to enforce the Petersen & Poulsen patents in Sweden, England, Norway, and Poland.

CENSORSHIP-

The Danish film censoring bureau in the fiscal year 1935-36, ended March 31, reviewed a total of 2,187 films (including copies and advertising) having a length of 1,713,120 meters as compared with 1,884 films with a total length of 1,446,140 meters the year before. Of these films, 398 (of which 259 were copies) were pictures having a length of over 1,000 meters as compared with 584 (of which 264 copies) the year previous; 364 were pictures having a length under 1,000 meters (190 the preceding year); 566 were news reels, topical films, etc. (407 the previous year); 113 were comics (166 the previous year); and 367 were advertising films practically all of which had a length of less than 25 meters (537 the year before).

Of the 2,187 films (including copies) examined by censor in 1935-36, 1,097 having a total length of 973,960 meters were American (corresponding figures for the previous year were 821 and 740,000); 279 totaling 206,740 meters were Danish (194 and 278,840); 253 totaling 265,770 meters were German (163 and 192,110); 61 totaling 66,245 meters were Swedish (57 and 76,840); 57 totaling 72,000 meters were British (46 and 49,085); 39 totaling 25,235 meters were Austrian; 6 totaling 8,820 meters were Russian; 5 totaling 4,475 meters were Hungarian; 4 totaling 2,050 meters were Norwegian, 2 totaling 2,585 meters were Italian; 2 totaling 2,390 meters were Swiss; one of 370 meters was Yugoslavian; and one of 325 meters was Estonian.

The number of silent films shown in 1935-36 is estimated to have been less than 20 as compared to 67 in 1934-35, of which none were feature films.

No dubbed films were exhibited in the Danish market in 1936.

Censorship Regulations.

All films shown publicly in Denmark must be censored by Statens Filmscensur (The Government Film Censor), Frederiksholmskanal 27, Copenhagen, who is under the jurisdiction of the Ministry of Justice.

In 1935-36 the censor gave approval to 2,092 films, including copies, having a length of 1,499,410 meters as opposed to 1,750 films, including copies, having a length of 1,152,095 meters in 1934-35.

In all, 86 films (including copies) with a length of 194,930 meters were forbidden for children in 1935-36 as against 129 films (including copies) with a length of 282,320 meters in 1934-35. Nine films, totaling 18,780 meters, were completely rejected by censor in 1935-36. In the 1935-36 year a total of 1,427 meters was cut from 48 films, including copies, as compared with 1,131 meters cut from 43 films, including copies, in 1934-35.

Films of 16 millimeters became more popular in 1935-36. One theater owned and operated by the State railways and located in the building of the main railway station in Copenhagen specializes on these films. A total of 120 films of the 16-millimeter type were shown in 1935-36, most of which were topical or news reels.

Censor fees are 6 ore per meter (one krone equals 100 ore, about 22 cents) for Danish and foreign films except news reels and advertising films for which the fee is 3 ore per meter.

COMPETITION-

A total of 229 feature films were released during the first 9 months of 1936 as compared with 285 during the same months of 1935. American leadership made further advance on a percentage basis, viz, from 59 percent of all films shown in 1935 to about 64 percent in 1936. Of the total releases through September 1936, 147 American as against 170 in the corresponding period of 1935. German producers increased their participation from 40 films in 1935 to 41 in 1936, or from 14 percent to 18 percent. British releases dropped from 30 in 1935 to 11 in 1936, or from 10 percent to 5 percent; French films declined in number from 15 to 9, or from 5 percent to 4 percent; Swedish from 13 to 10 films, or about 4 percent; and Danish from 10 films to 6. Other films released were 2 Austrian, 1 Hungarian, 1 Russian, and 1 Yugoslavian. The number of prints of domestic films continued to outrank all except the American.

The demand as to types of films remained unchanged. Two American historical films were especially well received.

COPYRIGHT RELATIONS-

Established by Presidential Proclamation May 9, 1893, extended April 9, 1910, and December 9, 1920.

PRODUCTION-

Nordisk Films Company A/S, Frederiksberggade 25, Palladium A/S, Axelborg; and Teatrenes Filmskontor (Asa Film) Jernbanegade 4, all of Copenhagen,

are the only Danish producers of motion picture features. The other companies specialize in advertising films or short subjects.

Each of these producers owns one sound studio. The studio owned by Nordisk Film Company A/S has four stages and one sound-recording apparatus, a Danish Petersen & Poulsen recorder. The Palladium A/S studio has two stages and a Bofa sound system (made by Barg and Olufsen, Struer, Denmark). Teatrenas Filmskontor (Asa Film) has one stage and a German Bauer sound apparatus.

Only 6 features were released by Danish producers in 1936 as compared to 10 in 1935. Three were produced by Palladium, two by Teatrenas Filmskontor, and one by Nordisk Films Company. No films were produced in cooperation with Swedish or other foreign producers in 1936.

The Danish Film Industry claims that the existing amusement tax of 40 percent of box-office receipts is too heavy in view of the limited size of the market for Danish films and has petitioned the government for relief. This request has not been acceded to and as a result the producers have preferred not to give out information respecting their production plans in 1937.

The three films released by Palladium during 1935 were "Snushanerne" (The Prying Fellows), "Milliomardrengen" (The Millionaire Boy), and "Panser-basse" (The Cop). The two films released during the same year by Teatrenas Filmskontor were "Sol over Danmark" (Sunshine Over Denmark) and "Cirkus Revuen" (The Circus Revue), while the title of the only film produced by Nordisk Films Company A/S in 1936 was "6' Traekning" (Sixth Lottery Drawing).

TAXES-

Exhibitors in Denmark are burdened with a 40-percent tax on box-office receipts.

In the fiscal year 1934-35 ended March 31 (the latest year for which statistics are available), the amusement tax on films yielded 6,491,725 kroner (5,909,975 kroner in 1933-34). Of this amount 3,378,978 kroner was returned by Copenhagen theaters (3,124,426 in 1933-34). As the amusement tax on films is equal to 40 percent of the gross ticket price it will be seen that the total box office turn-over at all Danish motion picture theaters was approximately 14,775,000 kroner in 1933-34 and 16,230,000 kroner in 1934-35.

Films of special social or educational value may be exempted from tax by the Ministry of Justice. Four or five films are granted this privilege each year.

THEATERS-

On April 1, 1936, there were 352 motion picture theaters in Denmark as against 340 the year before.

The generally improved domestic economic conditions prevailing in Denmark in 1936 benefited owners of cinema theaters and receipts from ticket sales, particularly in the urban districts, are estimated to have been above those for 1935.

American productions strengthened their foothold and so did all foreign films, considered as a whole. Danish films continued to exercise great drawing power but because their market is limited to one small country it is difficult to keep a high artistic standard and at the same time make a profit on them. Competition among local film exchanges was enhanced by the establishment of several new offices.

The most important of the new theaters constructed during the year are "Bella Bio" in Copenhagen with about 900 seats (Cerman Bauer sound installation) and "Slotsbiografen" in Randers with about 500 seats (Danish Bofa sound installation). The former is a first-run and the latter a second-run theater.

A number of older theaters were reconstructed and modernized during the year particularly in the provinces where many smaller theaters were housed in buildings or rooms that were originally constructed for other purposes.

No theaters are owned by foreign motion picture producers or distributors and there are no chain theaters, both such forms of ownership being impossible under the provisions of the Danish motion-picture law.

The following table lists Danish cinemas according to seating capacity, number of performances given yearly, and the annual license fee to which they are subjected:

<u>Number of theaters</u>	<u>Seats</u>	<u>Performances</u>	<u>License fee</u> (Krone)
131	Up to 500	Up to 151 yearly	0
47	" " 500	" " 300 "	150
25	" " 500	" " 400 "	300
33	" " 500	" " 500 "	500
90	" " 800	" " 850 "	800
14	" " 1,000	" " 1,200 "	1,800
8	" " 1,200	" " 2,000 "	2,500
4	Unlimited	Unlimited	5,000

Greater Copenhagen (including suburbs) with a population of approximately 900,000 had 44 motion picture theaters on January 1, 1936, with a total seating capacity of 26,874 as against 41 theaters with 24,578 seats the previous year. Of the 44 theaters, 18 seat up to 500; 21, from 500 to 1,000; and 5 seat over 1,000.

Statistics pertaining to greater Copenhagen indicate that attendance at motion-picture houses increased from 10,081,000 in 1934 to 11,020,000 in 1935, a gain of 947,000 or about 9 percent. The increase in ticket sales in Copenhagen proper has continued in 1936, its cinema having sold 5,127,931 tickets during the first 8 months of 1936 as compared with 4,975,840 tickets during the same months of 1935, a gain of 152,091 or about 3 percent.

SOUND-

Practically all of the theaters are now wired for sound and about 175 give daily performances.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	3,764,943 ft.	\$75,713
Negative sound	1,600 ft.	\$53
1936 - (First 10 months)		
Positive sound	3,464,941 ft.	\$69,596
Negative sound	101,752 ft.	\$1,635

DOMINICAN REPUBLIC

LEGISLATION-

Laws affecting the motion-picture industry are confined to laws imposing taxes on undertakings and admission prices and such as restrict the admission of minors into the theaters.

CENSORSHIP-

Censorship is exercised by a Municipal Commission. While there is no national law in regard to censorship, the municipal ordinance of Santo Domingo or a practically identical one has been adopted by the other municipalities. Censorship is very strict; while it has not been refused on any films, objections have been raised to many films on moral grounds.

During the year 1936 the censors have forbidden the showing of at least two pictures, because they have allegedly offended the national or patriotic feelings of the people of a country other than the Dominican Republic. In one case the showing of a film was prohibited on the alleged protest of the Cuban Minister or Charge d'Affairs, but in both cases it is believed that the objections were far-fetched.

COMPETITION-

Of the films shown, 95 percent are American, the other 5 percent are British.

COPYRIGHT RELATIONS-

The title of each film might be registered under the Dominican trade-mark law, but no occasion has yet arrived to resort to this recourse.

PRODUCTION-

There is no production in this market and no studio facilities.

TAXES-

High.

Theaters, in addition to the regular property taxes which are assessed against real estate of any class, must pay a special tax of 40 cents per annum for each seat. Tax on admissions is 2 cents per each admission up to 20 cents and 10 percent of the admission price above 20 cents.

THEATERS-

There are 23 theaters in the Dominican Republic. Two new theaters, both wired for sound have been installed during the year 1936, one additional theater was opened in Santiago, and one theater was closed in Moca. The total seating capacity of the 23 theaters is 10,400.

The range of admission prices is reported to be from 5 and 10 cents up to 40 cents for specials. It rarely, if ever, exceeds the latter figure while the average motion-picture program consists of a feature and a comedy or cartoon.

Programs are changed daily, but occasionally specials are run in the two leading theaters of Santo Domingo for 2 consecutive days, Saturdays and Sundays.

The favorite types of pictures are musical comedies, or reviews and comedies. An occasional good heavy drama is well received. American stars are well known and are decidedly preferred. Pictures with Spanish sound, or pictures with English sound and titled or legends in Spanish are preferred. There is strong objection to American stars with native language "dubbed in".

SOUND-

There are 23 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,867,769 ft.	\$9,140
Negative sound	35,564 ft.	\$711
1936 - (First 10 months)	.	
Positive sound	2,544,336 ft.	\$7,928
Negative sound	---	---

EAST AFRICA

LEGISLATION-

There are no laws inimical to American motion picture interests in this market.

CENSORSHIP-

Rules under the Kenya Stage Plays and Cinematograph Exhibitions Ordinance became effective on September 23, 1930, prescribing the method of constituting the Film Censorship Board, and granting the Board wide powers over silent and sound films, and posters, and advertising matter.

Films may be approved for public exhibition, refused approval, or approved subject to excisions. Approval may also be subject to a condition that the film may be exhibited only to non-Africans.

There are Censorship Boards at Nairobi, Kenya Colony; Dar-es-Salaam, Tanganyika Territory; Kampala, Uganda Protectorate; and Zanzibar. Gangster films are seldom passed by Censorship Boards in East Africa. This is especially true in the Uganda Protectorate.

COMPETITION-

It is estimated that at least 75 percent of the films shown in East Africa are of American origin. However, with the improved quality of British films, the number of these shown has greatly increased. It is understood that almost all of the theater operators and the motion-picture importers are tied up with contracts which in effect close the market to American and foreign firms not already having connections in East Africa.

PRODUCTION-

There is no production of motion pictures in East Africa.

TAXES-

Taxes are very moderate.

THEATERS-

The theater at Eldoret, Kenya Colony, has been burned down, and one theater at Kampala, Uganda Protectorate, and another at Nairobi, Kenya Colony, equipped for sound are not operating at the present time. Of a total of 13 theaters in East Africa, 11 are operating as follows:

<u>Country</u>	<u>Town</u>	<u>Sound</u>
Kenya:	Nairobi	3
	Mombasa	2
	Nakuru	1
Tanganyika:	Dar-es-Salaam	2
	Tanga	1
Uganda:	Kampala	1
Zanzibar:	Zanzibar	1
Total		11

SOUND-

All 13 theaters are wired for sound. There are also two sound outfits in Kenya Colony carried on trucks on circuit to halls and hotels in Eldoret, Kitale, Kisumu, and Kakamega.

It is possible that during 1937 a total of four more theaters equipped for sound will be constructed at the following places: Mombasa, Kenya Colony; Tanga and Mwanza, Tanganyika Territory; and Kampala, Uganda Protectorate.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	203,795 ft.	\$2,574
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	46,387 ft.	930
Negative sound	---	---

ECUADOR

LEGISLATION-

A decree of August 8, 1887, known as the law of Authors' and Artists' Proprietary Rights (Ley de Propiedad Literaria y Artistica) protects writers and artists, but this law is antiquated, and its provisions do not cover the rights and protection of film producers and exhibitors. Consequently the laws of this country make it impossible to enforce exclusive rights to films by punishing the showing of them by unauthorized concerns, and they do not give any protection to the rights of producers of films. It is understood, however, that each individual film can be registered, and in that way the exclusive right to show that particular film in Ecuador can be obtained.

Difficulties continued to be encountered by most distributors in obtaining foreign exchange for payment of rentals of films, although film imports have been exempt from the principal provisions of the control of foreign exchange established by an executive decree of July 30, 1936.

CENSORSHIP-

A board of Censors is established in each province by executive decree. Only specially prepared films or those receiving special permission may be shown for children. However, the law is not enforced, and apparently the question of whether a film is suitable for children is left to the parents.

COMPETITION-

The films are 85 percent American.

It is reported that there has been a slight increase in the showing of foreign films during the period because of the advent on the market of low-priced Mexican films which have been circulating at the cheaper theaters.

It is estimated that 12 German, 8 British, 4 Mexican, and 2 Argentine pictures were exhibited during the first 10 months of 1936. It is said that no French films were exhibited during this same period. Quito appears to be a better market for foreign films than Guayaquil. The competition of foreign films in Ecuador cannot be regarded as significant, but it is the opinion of one distributor that this is partly because of lack of efficient distribution of such films.

COPYRIGHT RELATIONS-

Inter-American Copyright Convention at Buenos Aires, August 12, 1910.

PRODUCTION-

No moving pictures, either silent or sound, were produced in Ecuador. The small market would not warrant a domestic studio. During the past years a number of scientific and semi-scientific expeditions have been taking pictures in Ecuador, specially in the Oriente region.

TAXES-

In accordance with an executive decree of January 30, 1926 (Registro Oficial No. 170, February 2, 1926 and No. 322, May 12, 1930), providing for municipal taxes, the municipalities are authorized to collect up to 10 percent on the gross receipts from the sale of admission tickets to theaters, motion pictures, concerts, horse racing, etc. In Guayaquil this tax is 10 percent; Quito 8 percent; and in other cities it ranges from 5 to 7 percent. A tax of

10 centavos for national defense is now collected on all admissions to theaters except on tickets for the cheapest seats which are situated in the gallery or second balcony.

THEATERS-

There are 34 moving picture theaters with a seating capacity of 40,765 in Ecuador. This does not include the various projection rooms generally in club buildings about 12 towns and villages; total number of shows, approximately 240 per month; total seating capacity is estimated at 6,000.

Important developments during 1936 may be considered the establishing of a circuit moving picture service which covers the small villages situated on the railroad line of Guayaquil to Riobamba, the chief centers being Alausi and Huigra, important railroad stations where there are school buildings and club houses of the railroad workers. It is understood that portable equipment is used for this purpose and performances are twice weekly.

SOUND-

All of the 34 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	43,170 ft.	\$631
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	26,388 ft.	\$381
Negative sound	---	---

EGYPT

LEGISLATION-

Nationalistic propaganda is fostering the development of local sound film production in Arabic, since most Egyptians are not acquainted with foreign languages. A proposal has been made to the Egyptian Government, based on nationalistic grounds, by the local film industry suggesting the compulsory use of a quota of Egyptian films in relation to foreign films. The object of this proposal is to encourage the infant local film industry. However, because of the paucity of the Egyptian production at the present moment, it is expected that this proposal will not be favorably acted upon by the Government.

The sole effective propaganda against foreign films in Egypt is being conducted by Jews and Jewish sympathizers against films produced in Germany:

Not more than three German films have been shown in Egypt since the inception of the anti-Semitic movement in that country.

By decree which appeared in the Journal Officiel No. 54 of May 7, 1936, the Egyptian Government promulgated the International Convention of October 1933 to facilitate the circulation of educational films. This decision, it is expected, will have a beneficial effect on the introduction of educational films in this market.

By decision of the Ministry of Interior, films produced locally should be accompanied by a certificate issued by the Censorship Office of that Ministry. The idea is to prevent the showing abroad of films which might be prejudicial to Egypt.

CENSORSHIP-

Regulations are made under the Cinematograph Films Law, 1934.

In exercise of the powers vested in the Governor by the Cinematograph Films Law, 1934, His Excellency the Governor, with the advice of the Executive Council, is pleased to make and hereby makes the following Regulations:

1. These Regulations may be cited as the Cinematograph Films Regulations, 1935.

2. In these Regulations -

"the Board" means the Board of Censors;

"film" means a cinematograph film;

"the Secretary" means the Secretary of the Board and includes an Assistant Secretary.

"the Treasury" means the Public Treasury of Cyprus.

3. Every application of the approval of a film by a Censorship Committee shall-

(a) be submitted or forwarded to the Secretary;

(b) be in accordance with Form A in the First Schedule hereto; and

(c) be made not less than three days before it is proposed to exhibit such film.

4. Every film in respect of which an application, as in Regulation 3 hereof prescribed, has been made shall be submitted for approval to a Censorship Committee.

5. Upon receipt of an application made as in Regulation 3 hereof prescribed, the Secretary may arrange with the applicant to have the film projected at the applicant's risk and expense at Nicosia at such time as the Secretary may appoint:

Provided that if the applicant requests to have the film projected at any place other than Nicosia, the Secretary may, on payment by the applicant of all traveling and other expenses required therefor, arrange that the film should be projected at the place requested by the applicant.

6. There shall be paid into the Treasury in advance by every applicant a fee of five shillings in respect of every film submitted for examination and approval by a Censorship Committee, and the official receipt for such fee shall be attached to the application by the applicant:

Provided that no fee shall be paid -

(a) in respect of any film which does not exceed one thousand and two hundred feet in length and depicts or relates to comics, reviews of world news, musical extracts, cartoons, educational or cultural subjects, or

(b) in respect of any film taken in Cyprus of less than thirty-five millimeters in width.

7. The decision of a Censorship Committee on an application for the approval of a film made as in Regulation 3 hereof prescribed shall be given in accordance with Form B in the First Schedule hereto, and shall be delivered or forwarded to the applicant within two days of the date thereof.

8. Every application for the approval of a poster by a Censorship Committee shall-

(a) be submitted or forwarded to the Secretary;

(b) be in accordance with Form C, in the first schedule hereto; and

(c) be made not less than two days before it is proposed to display or distribute such poster.

9. The decision of a Censorship Committee on an application for the approval of a poster made as in Regulation 8 hereof prescribed shall be

given in accordance with Form D in the First Schedule hereto, and shall be delivered or forwarded to the applicant within two days of the date thereof.

10. Any person who desires to appeal to the Board against the refusal of a Censorship Committee to approve a film or part thereof, shall forward to the president of the Board an appeal in accordance with Form E in the First Schedule hereto, and shall pay into the Treasury a fee of five shillings;

Provided that if the Board allows the appeal, the said fee shall be refunded to the appellant.

11. Upon receipt of an appeal made as in Regulation 10 hereof prescribed, the President of the Board may arrange with the appellant to have a film projected at the appellant's risk and expense at Nicosia at such time as the President may appoint:

Provided that if the appellant requests to have the film projected at any place other than Nicosia, the President of the Board, may, on payment by the appellant of all traveling and other expenses required, therefor, arrange that the film should be projected at the place requested by the appellant.

12. The decision of the Board on an appeal as in Regulation 10 hereof prescribed shall be given in accordance with Form F in the First Schedule hereto, and shall be delivered or forwarded to the appellant within two days of the date thereof.

13. Any person who desires to appeal to the Board against the refusal of a Censorship Committee to approve a poster shall forward to the President of the Board an appeal in accordance with Form G in the First Schedule hereto.

14. The decision of the Board on an appeal made as in Regulation 13 hereof prescribed shall be given in accordance with Form H in the First Schedule hereto, and shall be delivered or forwarded to the appellant within two days of the date thereof.

15. Every person exhibiting a film which has been approved by a Censorship Committee or by the Board, as the case may be, shall at every such exhibition, cause Form B, or Form F of the First Schedule hereto on which such approval is recorded to be posted and kept posted for public inspection in a conspicuous place in the theater, building, or space in which such exhibition takes place.

16. The Secretary shall keep a Register of Films in accordance with Form J in the Second Schedule hereto.

17. Where these Regulations require that any decision or appeal shall be in accordance with a form in the First Schedule hereto, it shall be sufficient if the same is as nearly in accordance with such form as circumstances permit.

18. The following classes or kinds of advertising matter shall be exempted from censorship, that is to say -

- (a) any slide, handbill or leaflet which displays only the title and class of the film and the names of the actors, and
- (b) any locally produced programme, handbill or leaflet relating to a film which has been approved by a Censorship Committee or the Board, as the case may be.

COMPETITION-

Films are 78 percent American, 10 percent French, 8 percent British, 4 percent Egyptian and from other countries.

COPYRIGHT RELATIONS-

The mixed tribunals deal with infringements of trade-marks, copyrights, and patents under the principles of general law and rules of equity. There are no specified laws regarding this.

PRODUCTION-

Egypt's motion-picture industry has made some progress since its establishment in 1927. The production of films, however, is still very limited and consists mainly of Arabic feature films. During the 1936-37 season only 5 films have been screened while 5 other films are at the time of reporting in the cutting room, in comparison with 13 films produced during the 1935-36 season. Most of the films are made for account of individuals who pool their capital as a speculative venture. These films enjoy long runs generally in native theaters in Egypt and nearby Arabic-speaking countries.

There are five small studios operating intermittently in Egypt and their equipment is relatively unimportant. The only large and up-to-date studio, inaugurated in October 1936, is that of the Societe Misr pour le Theatre et le Cinema, which is located about 5 miles from Cairo and 1 mile from the Pyramids. It is equipped with modern apparatus for taking both talkies and silent films. The Company has so far produced only one musical drama and six or seven news reels, but it plans to work out an extensive production program including a regular weekly news service and shorts on tourist propaganda, etc.

TAXES-

The Egyptian Government has been induced to modify the amendment tax imposed as from December 11, 1933, which worked out roughly on a 10 percent scale but with a minimum of P. T. 5 (approximately 25¢) per seat on tickets for theaters and other public places of amusement in Cairo, Alexandria, and

their environs. This tax has a serious effect on second and third-run houses, owing to the fact that in many cases the P. T. 5 minimum represents a tax of 15 to 30 percent, considering the very low price of tickets at these establishments. The new taxation scheme enforced as from January 3, 1935, applies a 10 percent scale on all categories up to P. T. 5. For tickets between P. T. 5 and P. T. 10 the tax is P. T. 1, and from P. T. 10 to P. T. 250 the tax is 10 percent of the next highest even ten; i. e., for P. T. 231 the tax would be P. T. 24, etc. From P. T. 250 to P. T. 400 the tax is 10 percent of the next highest even fifty; i. e., for P. T. 305 the tax would be P. T. 35. From P. T. 500 to P. T. 1,000 the tax is 10 percent of the next highest even hundred; i. e., for P. T. 702 the tax is P. T. 80. Over P. T. 1,000 the tax continues at 10 percent for every hundred or fraction.

On March 21, 1935, import duty on developed positive films was raised from L. E. 1 to L. E. per kilogram (L. E. 1 - \$5 approximately) but reduced on May 9, 1935, to L. E. 2.5 per kilo net.

THEATERS-

There are 102 theaters in Egypt, including 10 military theaters for the amusement of the British troops stationed there. Of these, 10 or 12 operate in the open air during the long summer season only, while 8 or 10 indoor theaters close during the summer months on account of the excessive heat prevailing there and as none of the theaters in Egypt have, so far, been equipped with air-conditioning systems.

SOUND-

There are 102 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,235,901 ft.	\$24,370
Negative sound	---	---
1936 - (First 10 months)	---	---
Positive sound	1,055,125 ft.	\$23,993
Negative sound	---	--

EL SALVADOR

LEGISLATION-

No quota or contingent laws, decrees, etc., inimical to any film interests have been promulgated during recent years.

CENSORSHIP-

Very strict. A censorship board reviews all pictures. Pictures are banned on the request of foreign Ministers accredited to the Government of El Salvador. Very strict on communistic and socialistic films.

COMPETITION-

The films shown are 90 percent American.

Mexican, Spanish-speaking pictures are popular with the masses.

COPYRIGHT RELATIONS-

Convention at Mexico, January 27, 1902.

PRODUCTION-

None. The one company formerly operating, principally on news reels, has gone out of business.

TAXES-

On admissions:

Tickets 15 to 24 centavos, tax 1 centavo.

Tickets 25 to 49 centavos, tax 2 centavos.

Tickets 50 to 99 centavos, tax 3 centavos.

Tickets 1 colon and over, tax 5 centavos.

(2½ centavos equal 1 U. S. cent).

Taxes on performances vary with time of performance and locality. Maximum ¢12 (\$4.80); minimum ¢3.50 (\$1.40).

THEATERS-

There are 29 theaters, seating 36,000.

The average program consists of long feature, occasional comedy, news reel, usual total of 10 reels.

There are about five releases each week, three to five performances daily in San Salvador. Most films are repeated numerous times at different hours. Films ordinarily are given one Sunday feature showing. American stars are preferred speaking the English language. Spanish talkies are second. Dubbed films are objectionable.

SOUND-

There are 27 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	120,682 ft.	\$2,117
Negative sound	1,696 ft.	\$21
1936 - (First 10 months)		
Positive sound	92,834 ft.	\$1,015
Negative sound	---	---

ESTONIA

LEGISLATION-

American motion picture films will be shown less in the next 12 months than heretofore, according to the import quotas that the Government has allotted to motion picture distributors for the year that will end June 30, 1937. The quotas of the three principal distributors of American films were reduced by from 20 to 50 percent, although the total of all quotas remains about the same (220 for the 1936-37 year; 226 for the preceding 12 months).

The aim of the Government, it appears, is not so much to reduce imports of American films as to get the distribution of films in Estonia into the hands of Estonians. This does not mean merely Estonian citizens, but also persons of the Estonian race. The principal distributors in Estonia of American films are Estonian citizens, but their racial origin is not Estonian.

CENSORSHIP-

Under the film inspector of the Ministry of the Interior; films approved by the film inspector upon request by motion picture theater owners are further passed upon by the Estonian Ministry of Education and Social Welfare for its decision as to which particular films are fit and proper to be attended by minors. Advertising carries announcement whether a film may or may not be attended by minors.

COMPETITION-

The films are 35 percent American; and 44 percent German.

COPYRIGHT RELATIONS-

Member of Berne Union.

PRODUCTION-

One film laboratory in which local reviews are developed; operated by the endowment "Eesti Kulturfilm" at Tallinn. Mostly news reels and educational films.

TAXES-

High. The tax on film imports is computed on the basis of the data relating to the length of films as contained in the shipping documents accompanying the imported motion picture films; if in doubt, the film inspector shall have the right to check the data relating to the length of films.

Motion Picture films which are not permitted to be imported shall be taxed at the rate of one-quarter of a cent per each meter length for control expenses.

The tax, in case of foreign-made motion picture films, shall be payable at the time of the importation of such films into Estonia when applying for the grant of the import license, and, in the case of films produced in Estonia, at the time of presentation of such films for registration; in both cases the tax is payable by the applicant to the account of the motion picture film fund at the Ministry of the Interior.

THEATERS-

There are 58 theaters in operation in Estonia.

SOUND-

There are 55 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	93,678 ft.	\$1,554
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	105,108 ft.	\$1,500
Negative sound	---	---

FRANCE

LEGISLATION-

In this field the outstanding event of importance was the completion of the Franco-American trade agreement which went into effect on June 15, 1936.

In signing this agreement the French Government abandoned the proposals made earlier in the year to control and restrict the trade in foreign films and the exhibition of foreign films in France. Under the trade agreement the American film interests are protected to the extent that the present treatment is guaranteed and assurance is given that no new measures will be taken to place American films in a position less favorable than that now enjoyed in comparison with French films or other foreign films. Assurance is further given that the present import duty, together with the valuations upon which the ad valorem duty is assessed, will not be increased. The reduction of the import tax from 6 percent to 2 percent was also applied to motion-picture films.

A decree of May 7, 1936, established an export control over films in that it required that all films for export should receive the special export visa of the Cinema Control Service. The authorities were given the power to refuse this special export visa to any film whose presentation in foreign countries might be considered prejudicial to the French national interests.

This export control measure was vigorously opposed by the French producers as well as by the American distributors, most of whom use Paris as a distributing center for Europe. The combined opposition was so strong that the export control section of the decree was soon suspended and has not so far been resumed.

During 1936 a very comprehensive report on the film situation was presented to the National Economic Council. This report contained recommendations for the reorganization of the motion-picture industry in France which, if adopted, would cause considerable difficulties for American film interests.

During the year under review the French motion-picture industry, at the urgent instance of the present Government (Blum cabinet), organized in a fairly effective fashion. The new organization, known as the Confederation Generale de la Cinematographie, includes representatives from the principal groups representing all branches of the industry - production, distribution, technicians and raw material manufacturers, and exhibitors. There are, of course, still a few independents, but the Confederation, grouping the following organizations, includes the larger part of the industry:

1. Chambre Syndicale des Industries Techniques de la Cinematographie-

Includes all the technical branch of the industry, particularly the manufacturers of raw film.

2. Chambre Syndicale de la Production de Films-

French film producers.

3. Chambre Syndicale des Distributeurs de Films-

The United States exhibitors are represented on this group.

4. Union des Chambres Syndicales des Theatres Cinematographiques-

The exhibitors group.

There was no change during the year in the regulations covering non-flam films.

CENSORSHIP-

A decree of May 7, 1936, consolidated the censorship powers held by the French Government. The decree included a provision whereby foreign producers and distributors risked the loss of their French market if any of their films (even though exhibited outside of France) should not meet with the approval of the French censorship board.

Another feature of the decree was that it required that films must be submitted for the approval of the Cinema Control Commission at least 80 days before their public presentation. This requirement was entirely normal, as in the past the French authorities were often allowed insufficient time to review a film before its presentation.

It is also of interest to note that in connection with the tightening of the censorship, the censorship regulations are now applied to news reels, the police power having previously been exercised by the Ministry of the Interior.

It is reported that representatives of all the most important Ministries review news reels before they are released and make suggestions for cuts. It has happened that, after the news reels have been released and the reaction of the public to certain items has been unfavorable, further cuts have been requested and obtained by the interested Ministries.

COMPETITION-

American films still lead all other foreign films in France in popularity, with a preference for original versions (with subtitles) in the first-run theatres of Paris and in a few of the resort centers. Dubbed versions are, however, generally used in the provincial houses.

German films have lost ground very rapidly until it is rare to see a real German film even in Paris. A few Austrian films (original versions) have had a considerable success at one Paris theater (Etoile Cinema), and a few Russian films have been shown with varying success.

There is a growing tendency throughout France to put on double feature programs. This is generally not the case with the first-run houses, but in the second-run theaters of Paris, and very generally throughout the provinces, two feature films are shown on each program, and often news reels as well.

COPYRIGHT RELATIONS-

Copyright relations under bilateral treaty of 1918.

PRODUCTION-

It is reliably estimated that the production of motion-picture films in France during 1936 will amount to around 125. In addition to the films entirely produced here, it is estimated that something like 188 foreign films were dubbed into French.

The outstanding development in the industry during the year has been the progress and improvement of French film production. Large sums of money have been spent on French films, more interesting scenarios with a better international value have been used, and, according to contacts in the industry, many of these French films have brought in very high receipts to the exhibitors, certainly much higher than during previous years.

An increasing number of French-language films have been produced in German studios. In this case the producing companies and equipment are German and the principal actors are French. It is rumored that there is a movement on foot by the French producers to have the Government place some restriction on the importation of these German-made French-language films, their contention being that French original versions should be made in France. Under the present liberal government the influence of the workers' organizations is stronger than under previous ministries, and it is possible that the next Franco-German film treaty may contain measures modifying the present regulations.

TAXES-

The following is the text of decree concerning the taxes:

Article 1.

Fourth paragraph of article No. 474 of indirect taxes is changed by the following one:

Motion-Picture Theaters. - Monthly taxes on the net receipts of the motion-picture theaters are, according to steps:

2% up to 10,000 francs net monthly receipts.

5% above 10,000, and up to 30,000 francs net monthly receipts.

10% above 30,000, and up to 50,000 francs net monthly receipts.
15% above 50,000, and up to 100,000 francs net monthly receipts.
20% above 100,000 francs net monthly receipts.

Article 1.

The rates of the tax on moving-picture theaters as fixed by Article 28 of the decree of codification of December 28, 1926, and 47 of the law of April 16, 1930, is amended as follows:

2% up to 10,000 francs net monthly receipts.
5% above 10,000, and up to 30,000 francs net monthly receipts.
10% above 30,000, and up to 50,000 francs net monthly receipts.
15% above 50,000, and up to 100,000 francs net monthly receipts.
20% above 100,000 francs net monthly receipts.

Article 2.

The second paragraph of Article 90 of the decree of codification of December 28, 1926, modified by Article 40 of the decree of July 19, 1934, concerning fiscal readjustments, is redrafted as follows:

"Tax rates are reduced 50% for music halls, bicycle races, moving-picture shows with the exception of the receipts included in the first category of taxes, cafes-concerts, dance halls at fairs, merry-go-rounds, and shooting galleries at fairs, operated or organized outside Paris, and, in all localities, for amusement parks to which a general entrance fee is charged in addition to the side-shows, as well as for concerts not given daily by musicians' associations or by societies subsidized by the State, by departments, or by communes to give concerts of classical music." Which means Cinemas outside Paris pay only 50 percent (half) of the tax rates of article 1.

Article 3.

Municipal towns will be allowed to reduce the so-called "Pauper taxes" on all kind of entertainments, provided they find some other way of getting the same money.

Article 4.

From the date of promulgation of the foregoing law, any contract having as object the showing in public of a moving-picture film will become binding upon the parties thereto only after the expiration of a 48-hour delay following the trade showing or the first public showing of such film.

Paris 25 Juillet 1935.

Signed
ALBERT LEBRUN

Signatures of Ministers.

THEATERS-

There are approximately 4,100 motion-picture theaters in France. There has been an increasing popularity of the so-called news reel motion-picture houses. These theaters, with a program made up of news reels, short comic sketches, and short educational pictures have been springing up all over Paris, sponsored principally by two of the principal Paris evening dailies (Paris-Soir, and L'Intransigeant). Their programs are interesting, occasionally varied by the introduction of a short feature picture, and the admission considerably less than in the regular motion-picture houses (3, 4, and 5 francs, depending on the houses selected and the location).

SOUND-

Approximately 3,900 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	7,575,430 ft.	\$167,183
Negative sound	157,342 ft.	\$10,688
1936 - (First 10 months)		
Positive sound	6,483,355 ft.	\$139,668
Negative sound	243,138 ft.	\$8,590

FRENCH WEST INDIES

LEGISLATION-

So far as can be ascertained, there was no adverse film agitation in this market during the year.

CENSORSHIP-

There appears to be no censorship practiced in this Colony although by decree of the President of France, dated May 16, 1935, and published in the Journal Officiel of Martinique on pages 405, 406, and 407 of the issue of June 15, 1935, there is established a censorship of films and a commission composed of the Secretary General of the Colony, or his delegate; the Prosecutor of the Colony or his delegate; a representative of the Commandant of the troops; a representative of the Chief of Public Instruction; and the President of an organization known as the "Syndicate d' Initiative". There is no record extant of any films being refused censorship, and children of all ages are admitted to theaters at any time there is a showing.

COMPETITION-

French and American films.

COPYRIGHT RELATIONS-

French laws apply.

PRODUCTION-

There is no production in Martinique or the island colony of Guadeloupe.

TAXES-

Moderate; vary according to locality, city, and town.

THEATERS-

There are 11 theaters in Martinique with an estimated seating capacity of 8,000. These are located in the following cities: Fort-de France 3, Lamentin 2, Vauclin 2, Trinite 2. All other towns on the island have two buildings where pictures are shown. All theaters have two or three showings a week, and no theaters are properly wired for sound. Admission prices in the cities range from Frs. 5.00 to Frs. 15.00 and in the smaller towns and villages from Frs. 3.00 to Frs. 10.00 (a Fr. is equal to \$0.0666 American currency). In the cities and larger towns where prices of admission are higher, the program consists of one news reel and one feature picture. Sunday nights when there is an increase in the prices a short comedy is included. In the low-price villages only one picture is shown. Feature pictures are shown twice, usually at the 6 p.m. showing and again at the 9 p.m. performance. The picture then starts its trip around the island to the different towns and villages and after showing 1 day in each town is returned to Fort-de-France where it is again shown for 1 day. It is then sent around the island for one or two showings and this moving about is repeated several times or until it is worn out. Of course if the demand for a picture is enough to warrant repeated showings in each city or village, it is shown until the demand ceases.

Favorite type of picture: It would appear that any picture is acceptable just so long as French is used, the accepted language of the Island. American films, "dubbed" in French are not objected to by the theatergoers. The amount of the tax on each admission is included in the cost of the ticket and it varies according to the locality and the city and town.

The foregoing remarks concerning Martinique apply equally to the industry as established in Guadeloupe with the following exceptions: There are two motion-picture houses, similar to those established in Martinique, operating in Pointe-a-Pitre; and it is assumed that each town and village on the Island has at least one place where films are shown.

SOUND-

There are 15 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	23,239 ft.	\$325
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	88,927 ft.	\$1,692
Negative sound	---	---

FINLAND

LEGISLATION-

None.

CENSORSHIP-

The censorship of motion-picture films is provided for by three decrees issued by the Government on October 30, 1935. The first decree itemizes the types of films which shall not be approved for exhibition. The second decree provides for the appointment, by the Ministry of Education, of a Government Film Censorship Bureau (in Finnish, Valtion Filmitarkastamo) comprising one film censor and three associates who are charged with reviewing films intended to be exhibited publicly and stipulating the class of amusement taxes applicable when the particular film is exhibited. All expenses of the Censorship Bureau are borne by the Finnish Cinema Association (in Finnish, Suomen Elograafiliitto). The third decree provides for the formation of a Government Film Commission (in Finnish, Valtion Filmilautakunta) of five persons appointed by the Ministry of Education to render final judgment, at the request of the owner of the film and at the owner's expense, on any film prohibited by the Censorship Bureau from being exhibited.

COMPETITION-

During 1935 features were 65 percent American; short subjects, 55 percent American, 30 percent domestic.

COPYRIGHT RELATIONS-

Copyright laws were enacted in Finland on June 3, 1927, and modified by the law of January 31, 1930. Finland entered into reciprocal copyright relations with the United States on December 8, 1934, effective January 1, 1929. On April 1, 1928, Finland became a member of the Berne copyright convention of November 13, 1908.

PRODUCTION-

There were 6 features and 186 short subjects produced in 1935. About 8 features were produced in 1936.

TAXES-

According to the law of December 21, 1932, effective January 15, 1933, motion-picture films exhibited in Finland are subjected to the following taxation:

- (a) Art films, 15 percent of admission charge.
- (b) Other films, 30 percent of admission charge.

If a minimum of 200 meters of domestically produced film is exhibited at a performance the tax shall be reduced by 5 percent. In practice, therefore, exhibitions of films in the art class are taxed 10 percent and other films 25 percent, as 200 meters of Finnish film are usually shown at every performance.

THEATERS-

There are 220 theaters in Finland. There are in addition 7 ambulatory theaters.

SOUND-

There are 210 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	734,134 ft.	\$15,037
Negative sound	46,210 ft.	\$1,466
1936 - (First 10 months)		
Positive sound	686,320 ft.	\$15,872
Negative sound	14,200 ft.	\$300

GERMANY

LEGISLATION-

The industry continued under about the same regulations as during the previous year: (1) The Film Bank continued as part of the Film Chamber. This bank was instituted in order to provide reputable producers with the necessary capital for production at moderate interest rates, and to replace the previous system of film financing which operated without discipline and at heavy costs to borrowers. (2) The single-feature show is now general throughout the country. (3) The fixation of minimum entrance prices in order chiefly to eliminate cutthroat competition among cinemas operating in the same localities, but also to provide preferential admissions for members of the uniformed ranks, the unemployed, etc. (4) Exhibitors remained organized into a single body within the Film Chamber, which has already accomplished much to correct the earlier system of sharp practices and irregularities. Whereas the greatest charge against the German industry in recent years has been its instability, its plethora of "fly-by-night" producers and "bad-pay" exhibitors and the consequent exorbitant cost of borrowed money, the supervision of the industry by the Film Chamber under the close surveillance of the Ministry of Propaganda gives evidence, in theory at least, of correcting these major faults. (5) The obligation to show, together with every standard feature film one culture film of at least 300 m length, in order to promote German culture film production. Educational and propaganda films are also being promoted. (6) In order to better utilize the studios and to employ the actors equally throughout the whole year, the Reichsfilmkammer has ruled that one-half of the film production must be completed by the beginning of the film season (July) and the other half by the beginning of October.

On July 1, 1936, new contingent regulations were issued. On the whole, the wording of these is practically the same as that of the old ones, but the few alterations made are of great importance. Although the United States is not explicitly mentioned in these regulations, they are undoubtedly directed against the American film industry.

It will be recalled that foreign feature films are admitted into circulation in Germany either against internal contingent licenses or external contingent licenses. The first are earned by distributors in proportion to domestic production released, and the second by producers in proportion to the receipts from German films shown abroad. Internal licenses are nontransferable, while the export licenses may be transferred. After considerable effort on the part of American film companies, the Ministry of Propaganda lowered the price for export contingent licenses in 1935 from RM 20,000 to RM 10,000. A further reduction is granted if a foreign feature film is dubbed in Germany, the price of the contingent license being decreased according to the dubbing costs, (the latter including actors' salaries, studio costs, costs of German film material, etc.). For the first RM 20,000 of dubbing costs the license

price will be lowered by RM 1,000, and for every additional RM 5,000, by another RM 1,000. When the contingent certificate is transferred, the American firm in question has to pay the seller of the license the sum of RM 5,000, the balance being determined with the Contingent Office after the dubbing costs have been fixed. In a few exceptional cases, especially where films are either technically interesting or for political reasons suitable for Germany, the Ministry of Propaganda has the right to grant the foreign film producers an import license without fee.

The American exchanges for the most part bring their feature product to the market against export licenses and have for the past few years used very few of the internal licenses. It appears that with the internal license American producers have not always been satisfied with the way in which their product was handled by German film renters, who in most cases are closely connected with German producers.

In spite of the reduction in the cost of a contingent license, the high price in effect places the German market for American films in the prohibitive class. The regulations concerning the use of blocked marks have also been considerably strengthened. All these difficulties will eventually force a decision from the American companies, as to whether they will participate to a greater extent in domestic production by producing locally themselves or by distributing locally made products, or whether they will entirely withdraw from the country.

CENSORSHIP-

In order to meet the demands of the Nazi moral code, censorship has been greatly intensified and is most vexatious to film importers, particularly to Americans. As has been officially declared, the aim of German film politics is to import American super films, but, on the other hand, to exclude average American films from competition with the German product. The precensorship, under the direction of the Ministry of Propaganda, through the inspection of films prior to their submittal to the Board of Censorship, or the reading of manuscripts or scenarios by the office of the Film Critic of the Ministry, is considered in the trade to have slowed up the machinery of production, the more so as it serves to increase the Ministry's arbitrary control over the industry. Sometimes, however, it is advantageous in that it obviates difficulties with the Board of Censors by aiding producers and distributors to determine the types of film and story that the German public may be expected to appreciate, and, consequently, the German censors to approve. The apparent severity of the censorship policy would indicate a market supply of domestic films of distinct national character.

Under the film law, censorship is now centered in Berlin alone, instead of Berlin and Munich, as formerly.

Contingent licenses are no longer sacrificed when films to which they were applied, are rejected by the censors.

COMPETITION-

On the basis of official censorship figures, 211 features were shown during 1935, of which 94 were German, 50 American, and 67 "other foreign" films. During the previous year, the total was 196 including 122 German, 37 American, and 37 "other foreign" films. Thus during 1935, foreign films accounted for 53.2 percent of the total market supply as against 37.8 percent during the previous year.

During the 1935-36 film season, there were 187 first-runs in Berlin, as against 188 in the previous season. Of the 1935-36 total, 108 included films of German origin, 35 of American origin and 44 of "other foreign" origin. As compared with the previous season, there was an increase of 4 in German first-runs and a decline of 5 in American. It is noteworthy, that domestic production made up 57.7 percent of the Berlin first-run market in 1935-36, American features 18.7 percent and "other foreign" 23.6 percent. Germany's annual requirements for standard feature films amount to approximately 250. In consequence of both decreased domestic production and import difficulties, this normal need has not been satisfied since 1933.

COPYRIGHT RELATIONS-

The anticipated Government action in regard to copyrights has not so far been taken. It appears, however, that no important changes in existing law and practice are to be expected. The committee to consider the principles involved and make recommendations, has concluded that: (1) Only the author is entitled to copyright, and according to the general principle of German copyright the author is the one who wrote the story. (2) On the other hand the right to exploit the film, including reproduction, distribution, public performance, translation, synchronization, etc., is held to belong exclusively to the producer. This is in accordance with regulations already in force, but in the new interpretation the producer's right is based, not as hitherto on copyright, but on a newly defined right of exploitation "Verwertungsrecht". The right to proceed against persons who through alteration, mutilation, or insertion spoil the film, belongs formally to the author, but in practice would be actually exerted by the producer.

As compensation for the rights of the composer of the musical score, an amount is to be paid, according to the seating capacity of the theater, of between RM 0.90 and RM 1.30 per seat per annum, or about 1 percent of gross receipts.

PRODUCTION-

Production during the last 2 years

1934	Number	Length (in meters)
Long feature films	129	314,345
Short feature and educational films	1,891	554,007
TOTAL.....	2,020	868,352
1935		
Long feature films.....	130	315,510
Short feature and educational films..	2,072	509,127
TOTAL.....	2,202	824,637

The number of film producers declined from 83 in 1928 to 49 in 1933, and the number of distributors from 41 to 22 during the same period. This decrease was due partly to the elimination of "non-Aryan" films. During the past season the program of eliminating from the German film industry all persons classified as "unreliable" or "un-German" was brought to completion and as a result, membership in the distributors' association was reduced to two-thirds that of the previous year and other branches of the industry were similarly affected.

Production costs, including the costs for culture film and news reel, though difficult to determine are estimated to have reached RM 50,000,000 (about \$20,000,000 at RM 2.50) as against an estimated total of RM 30,000,000 (about \$12,000,000) in 1933. During 1935, the average production cost of a feature film is said to have been approximately \$160,000 as against \$120,000 in 1934. In exceptional cases, however, especially if the film is destined for export, production costs are as much as \$320,000. Star salaries, in general, do not exceed 25 percent of the total production costs.

German film producers suffer from a lack of sufficient capital. In most cases, the producer himself has only a small part of the money necessary for the production of a new film and the means of the Film Credit Bank are not sufficient to cover his need. The producer must, therefore, rely more and more on the financial support of the distributors, who will, on their part, have to borrow some of the money required from the picture-theater owners. Thus it happens that distributors, as well as theater owners, have gained a tremendous influence over the production of films and the selection of actors.

Production costs average RM 160-180 a meter of long feature film and about RM 10 a meter for cultural films. During the past 2 or 3 years production costs have increased by 70 to 80 percent, while domestic receipts have

risen by only 30 to 40 percent and export income has heavily declined. This has resulted in a serious decrease in the earning power of the whole German film industry in consequence of which there was a deficit for the past season estimated at between RM 8,000,000 and RM 10,000,000.

Distributors' turn-over in 1935 amounted to \$28,000,000 as compared with \$25,600,000 in 1934.

The output of German copying studios during the season 1935-36 is estimated at about 10,000,000 meters of negatives and 60,000,000 meters of positives of standard films, to which must be added narrow gauge film for educational purposes and for amateurs, which is growing in importance.

American production in Germany was practically nil, its efforts for the most part being confined to dubbing.

Distribution is usually made on a percentage basis with a minimum guarantee. The average terms are 30 to 35 percent of gross receipts less compensation tax and no distinction is made between the German and the foreign films. In exceptional cases films are rented at a fixed price, especially to very small cinema owners.

TAXES-

The so-called amusement tax makes up 15 percent of the entrance fee and is generally absorbed by the film renter. For a film that has been qualified as "valuable from a cultural or political viewpoint", this tax is reduced by the proportion which the qualified film strip bears to the total length of all films shown. As in every performance a qualified culture film has to be shown, the tax is reduced in any case to at least 12 percent. When the feature film and the news reel are also qualified the tax is further diminished and may even be entirely eliminated. During the past year the amusement tax averaged 7.5 percent. For the 1935-36 season, box-office receipts are estimated at RM 250,000,000 and the amusement tax at RM 17,000,000. For the preceding year the respective figures were RM 205,000,000 and RM 15,000,000.

THEATERS-

According to the latest statistical compilation there were 5,273 film theaters, with a total of 1,933,059 seats, in Germany at the beginning of the film season 1936-37. Of the 5,273 theaters, 2,227 had a seating capacity of 250 or less; 2,127 theaters had a capacity of from 500 to 900, and 194 theaters of more than 900. The capacity of the German film theaters appears to be utilized to only about one-third, in spite of the increase in the number of visitors. The number of persons employed in the film industry is estimated at 51,500, of which about 29,000 are employed in production, 3,500 in distribution, import and export, and 19,000 in cinemas. The capital invested in German film theaters is estimated at around \$180,000,000 or about \$93 for every seat.

SOUND-

In 1936 all but two cinemas were fitted with sound film apparatus, while in 1934 there were still 420 theaters without such equipment.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,384,723 ft.	\$47,524
Negative sound	74,471 ft.	\$4,879
1936 - (First 10 months)		
Positive sound	304,442 ft.	\$ 7,311
Negative sound	49,129 ft.	\$ 1,551

GREECE

LEGISLATION-

Motion-picture films have been one of the few items of interest to the United States which were exempt from quotas and other import restrictions, and American films accounted for fully 75 percent of total Greek film imports during 1936. An end to this freedom was made by the import regulations which became effective on January 1, 1937.

The new regulations limit film imports to 210 complete pictures every 6 months; 150 of these are to be pictures suitable for exhibition in first-run houses in Athens and the remaining 60 are to be "action" films (murder, mystery, detective, cowboy, etc.) suitable for exhibition in second-run or "popular" theaters charging low admission fees. The 210 feature films will be distributed among established film importers on the basis of their average annual importations during the period May 1932 through May 1936.

News reels and shorts of not more than 350 meters in length are unrestricted and remain on the free list (group A).

An additional burdensome requirement placed on local film exchanges by the new regulations is that in clearing a feature film through customs they will be required to file with the authorities a declaration stating the name of the theater for which the film is intended. This requirement not only eliminates the possibility of importing films and then negotiating the sale of their exhibition rights but also places film importers more or less under the control of the theater owners, inasmuch as no films may be imported unless previously contracted for.

The new system also will affect adversely the business of film exchanges established recently, because of the requirement that average 1932-36 imports

are to be used as a basis of allocating the global quota of 210 pictures. Newly established but promising firms on this basis will receive only a small share while older and somewhat moribund importers will be favored.

For films imported from countries such as Germany, which have official clearing arrangements with Greece and a trade balance in favor of the latter, the payment of drafts covering royalties and prints is effected without difficulty. When the clearing account shows a debit balance, however, as is the case with Czechoslovakia and Austria, payment is delayed by settling drafts in chronological order as funds become available in the clearing accounts. Imports from countries such as France, which are subject to private barter, require payment by means of clearing exchange derived from the exportation of Greek products. Such private barter transactions usually involve the payment of a premium by the importing firm to the holder of the clearing exchange permit. In the case of the United States and England, foreign exchange in settlement of the value of imported films (including royalties) is made available in two ways. On films purchased outright and imported by local exchanges for their own account, payment for prints and distribution rights in foreign currency may be effected either by means of a letter of credit or by sight draft attached to shipping documents and presented through a local bank. In the case of films imported by the local branches of foreign producing or distributing organizations, where the royalties are determined by the proceeds from the exhibition of each individual film, remittances in foreign currency are authorized upon application after the books of the local branch have been audited by the Bank of Greece. Due consideration is given to the working agreements between local branches and their head offices in the matter of royalty payments.

Foreign shippers are required to sign and mail direct to the Invoice Control Commission at the Greek port of destination the original invoice covering each shipment to be cleared through Greek customs. A signed copy of the same invoice must be mailed to the Greek consignee for presentation by him to the Invoice Control Commission for purposes of comparison and verification. For the city of Athens original invoices must be mailed to the Commission de Controle de Factures, 6 University Avenue, Athens, Greece. For other cities the title of the Commission in French and the name of the port of destination will be sufficient address.

CENSORSHIP-

Controlled by the Public Morals Division of the Police Department. Existing regulations provide that children under 16 years of age may not be admitted in motion picture theaters unless the film shown has been approved by the censors as suitable for children and adults. However, this regulation is almost never strictly enforced. Censorship is particularly rigid on communistic propaganda, but rather lenient in other respects.

COMPETITION-

At present American films control about 70 percent of the Greek trade. This includes films dubbed or produced in the European studios of American producers. Society dramas and musical comedies appeal to the more prosperous classes of the population, but there is also a fairly good market for American "action" films among the so-called "popular" theaters. English not being very widely understood, French versions of American films are preferred where dubbing can be done well and appropriately; many films, of course, lose too much of their character when dubbed, and English is sufficiently intelligible to a Greek audience to be preferable to French in such cases. German producers lead in the field of operetta or musical comedy, while certain French society dramas have been quite successful in recent years. Historical films are of comparatively minor interest. During the 1935-36 season (October-May) a total of 323 feature films were released in Greece. Of these 232 (72%) were American, 43 (13%) German, and 32 (10%) French.

COPYRIGHT RELATIONS-

Under the reciprocal copyright protection agreement signed between Greece and the United States on January 27, 1932, American films receive full protection. No films are allowed to be exhibited unless it is proved that they were duly imported through customs and that the necessary import duties and taxes were paid.

In September 1935 the Greek Government established a Bureau of Educational Cinematography under the jurisdiction of the Ministry of Public Instruction. In October 1936 Swiss and Austrian 16-mm projection equipment was purchased and a call for tenders was issued to supply educational films. The Greek Government also ratified the International Convention on Educational Films whereby customs franchise is extended to films used for instruction.

PRODUCTION-

Confined to news and advertising reels. There are no studios.

TAXES-

On tickets costing up to 8 drachmas, 25 percent; over 8 drachmas, 30 percent. (The drachma is about \$0.009.)

The import duty on positive films, including all surtaxes, amounts to 87½ drachmas per kilogram or approximately 36¢ per pound. In addition there is a 1½ percent turn-over tax payable at the time of entry, which is calculated on the basis of (1) the landed cost of prints (including import duty and surtaxes) and (2) the royalty value or distribution rights. For the assessment of the turn-over tax the distribution rights have been fixed by ministerial

decision at 1,000 gold dollars (\$1,690) for feature films intended for exhibition in first-run house and at 100 gold dollars (\$169) for cheaper films generally exhibited in "popular" or second- and third-run houses.

THEATERS-

According to a census taken in March 1936 there were 153 motion-picture theaters in operation throughout Greece. During the hot summer months all indoor theaters close down for lack of air-conditioning facilities, while at the same time a large number of outdoor theaters are started using the projection and sound equipment of the indoor houses. The aggregate seating capacity of all the regular theaters is estimated at about 70,000. There are six first-run houses in Athens totaling 8,000 seats. Three more large motion-picture theaters are under construction in Athens which are expected to be ready for operation before the end of 1936. When completed these new theaters will increase the seating capacity of the first-run houses in Athens to approximately 13,000.

SOUND-

About 140 theaters are wired for sound. The equipment used in the provincial theaters is mostly assembled in Greece from imported and locally made parts. Practically all sound systems used can reproduce sound on film and disc.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,219,861 ft.	\$30,115
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	1,134,606 ft.	\$25,381
Negative sound	---	---

GUATEMALA

LEGISLATION-

There is no adverse legislation in Guatemala governing the motion-picture industry.

CENSORSHIP-

At present there is no Censorship Board acting in Guatemala, although the Chief of Police reserves the right to prohibit the showing of any picture that he sees fit.

COMPETITION-

Seventy-five to eighty percent of the films shown in Guatemala are American.

COPYRIGHT RELATIONS-

Copyright relations remain the same as previously reported.

PRODUCTION-

There is no film production in Guatemala.

TAXES-

Fifteen percent of gross theater receipts are turned over to the Government for public charities under the Beneficencia Publica. Duties and other taxes remain the same as previously reported.

THEATERS-

There are 31 theaters operating in Guatemala with a seating capacity of about 18,000, admission prices ranging from 10 to 50 cents.

Distributors of American films in Guatemala continue to complain of the competition from Spanish-speaking pictures. It is reported that American films are being pushed slowly out of all of the smaller towns, now that Mexican pictures are becoming more available, and that one of the three first-class theaters of Guatemala City is showing about 65 percent Spanish-speaking pictures. The smaller theaters of this city, like those of the small towns, are showing all the Spanish-speaking pictures obtainable in preference to American productions. It is known that the first-class theater now showing 65 percent Spanish-speaking pictures has purchased 65 Spanish films for next year, 20 of which are said to be of Argentine production and the remainder Mexican. There have been relatively few Argentine productions exhibited in Guatemala heretofore.

SOUND-

Of the 31 theaters mentioned above, 25 are wired for sound pictures.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,037,630 ft.	\$14,470
Negative sound	35,000 ft.	\$ 2,000
1936 - (First 10 months)		
Positive sound	969,511 ft.	\$13,425
Negative sound	--	---

HAITI

LEGISLATION-

There is no legislation adverse to the introduction of motion pictures in Haiti.

CENSORSHIP-

According to the censorship law of July 12, 1935, those pictures which are found to be inadmissible to children under 18 years of age must be so advertised on the motion-picture billboard, the children of this age must be refused admittance. The Department of Interior is given the power to censor films which are considered to be immoral or dangerous to the maintenance of internal order. Anyone who does not comply with the regulations laid down is subject to a fine of from \$100 to \$500.

COMPETITION-

Films are 40 percent American and 60 percent French.

French pictures have gained immensely in this market during the last year. The above percentages are based on weight of films imported. If value is taken, the percentages are about 20 for American and 80 for French. The language question is believed to be the principal factor in favor of French films. There is no objection to dubbed films if they are in French.

COPYRIGHT RELATIONS-

Copyright protection is not available in Haiti.

PRODUCTION-

There is not, nor has there been, any production of motion pictures in Haiti.

TAXES-

A tax of 10 percent is imposed on theater admissions.

THEATERS-

There are 8 theaters in Haiti. Admission prices range from 10 to 60 cents. Dramas are preferred, but musical comedies are also well received. American 'slap-stick' comedy is neither understood nor appreciated.

SOUND-

Six theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	506,015 ft.	\$ 5,183
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	289,247 ft.	\$ 2,265
Negative sound	---	---

HONDURAS

LEGISLATION-

There have never been any quota or contingent laws, decrees, etc., issued in Honduras restricting the importation of motion-picture films.

CENSORSHIP-

Regulations exist in the Republic of Honduras by virtue of Executive Resolution No. 1960 of March 29, 1928. This regulation provides that the Governor of each Department of the Republic shall have a board of censors to operate in his jurisdiction. While the regulation is closely followed in most districts, it is less rigidly followed in others.

COMPETITION-

Of the motion pictures exhibited in the Republic of Honduras, 15 percent are Mexican and European, and the others are American.

COPYRIGHT RELATIONS-

Inter-American Copyright Conventions, Mexico City and Buenos Aires, January 2, 1902, and August 11, 1910. Ratified July 13, 1914, and April 9, 1914.

PRODUCTION-

No production in Honduras.

TAXES-

Municipal taxes vary from 5 to 10 lempiras per day whether the theater has one or more performances.

THEATERS-

There are 29 theaters in Honduras, although only 21 are in operation at the present time.

SOUND-

All of the 29 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	33,060 ft.	\$508
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	24,382 ft.	\$332
Negative sound	---	---

HUNGARY

LEGISLATION-

According to Decree No. 2670/1932, dated May 10, 1932, the duty on films imported into Hungary is 250 gold crowns (1 gold crown equals \$0.343 present gold basis and about \$0.223 at the prevailing commercial rate through the National Bank of Hungary) per 100 kilograms (220 pounds) plus 6 percent phase turn-over tax. "Import certificates" for sound films cost 100 pengo (1 pengo equals \$0.2961 present gold basis and about \$0.1925 at the prevailing commercial rate) for films less than 200 meters in length, 200 pengo if between 201 and 400 meters, 400 pengo between 401 and 800 meters, 600 pengo between 801 and 1,200 meters, and 1,000 pengo for all others. Silent films require no import certificates. The same decree ordered that for the benefit of the Hungarian film fund an additional fee of 20 fillers must be paid on each meter of censored and approved film for which the Hungarian titles were prepared in Hungary, and on those for which the Hungarian titles were prepared abroad, 30 fillers per meter must be paid. By Decree No. 5710/1933 M. E. dated May 26, 1933, the second-mentioned fee was increased from 30 to 50 fillers. In further modification of the original decree, Decree No. 8484/1934 M. E. dated September 29, 1934, taking effect on October 1, 1934, the fee for films for which the titles were prepared abroad, was increased from 50 fillers to 1 pengo per meter. The fee of 20 fillers, payable on foreign films for which the Hungarian titles are made in Hungary, was not affected by the subsequent modifications. In addition there is charged a regular censorship fee of 4 fillers per meter on films made in Hungary and 10 fillers per meter if made abroad. Weekly news, and educational and scientific films are exempt from all charges except censorship fee and import duty. Foreign-made equipment

and supplies require special import permits issued by the Ministry of Commerce and Communication.

Besides the foregoing, according to Decree No. 180,000/1935, B. M., importers of films are obliged to submit a censorship card for every film imported into the country. The money paid for these cards is used toward supporting the Hungarian film-producing industry. Up to July 1, 1936, the National Motion Picture Examining Committee (Országos Mozgóképvizsgáló Bizottság) issued seven censorship cards to each producer of a Hungarian feature film over 1,600 meters in length. Since August 1, 1936, according to Decree 175,000/1936 B. M., firms producing such films receive eight censorship cards. These cards are bought and sold in the open market and their price depends upon supply and demand. At present the price varies between 1,800 and 2,000 pengo each. Films which, in the opinion of the National Motion Picture Examining Committee, qualify as of the highest type with regard to cultural and artistic merit, receive special premiums in the form of censorship cards. There are distributed annually not over 10 such cards to firms producing meritorious films.

According to Decree No. 175,000/1936 B. M., importers of short films are also obliged to purchase a so-called "short censorship card". For the present there is to be submitted with every short film imported one short censorship card as the Decree orders the submission of a large censorship card only with films over 1,200 meters in length. The short film censorship cards are distributed on the basis of Decree 175,000/1936 B. M., as follows: up to 200 meters the producer receives 5 cards; from 201 to 400 meters, 10 cards; from 401 to 600 meters, 15 cards; and over 600 meters, 20 cards. The value of the short censorship cards depends upon supply and demand the present price being between 150 and 170 pengo. It is rumored in trade circles that it is proposed to revise the Decree so that the number of short film cards to be submitted with imported films of less than 1,200 may be established on the basis of the length of the film.

CENSORSHIP-

Film censorship is under the direction of the Royal Hungarian Ministry of the Interior, the members of the Censorship Board being appointed by the Minister. Appeal can be taken from the Board's decision in the first, second, and third instances; the final appeal being to the Minister of the Interior. In most cases one of the appeal boards has permitted pictures, previously rejected by the Board, to be shown after certain changes had been made in subtitles or after offending parts had been eliminated. Pictures are classified in two groups by the Board of Censors, viz, whether they may be shown universally or only to persons over 16 years of age.

Nonofficial censorship does not exist in Hungary. The pictures are censored by the official Board solely with regard to public morals and the safety of the State.

There are no discriminations against American film companies and, in cases where rejections were deemed necessary, marked consideration has been shown by the authorities.

During 1935, 974 films (916,968 meters) were censored, of which 910 (888,716 meters) were sound and 64 (28,272 meters) were silent films. Of the total films censored 46 (90,787 meters), or 5 percent of the total, were rejected. Of the total sound films licensed for production 435 (48 percent) were American, 146 (16 percent) German, 75 (8 percent) French, 5 (0.5 percent) Italian, 33 (3.6 percent) British, 23 (2.4 percent) Austrian, 8 (percent) Scandinavian, and 185 (20.5 percent) Hungarian. Of the silent films 2 (3.1 percent) were American, 13 (20 percent) German, 2 (3.1 percent) French, 4 (6.3 percent) Scandinavian, and 43 (67.5 percent) Hungarian. According to the subjects of the films, 521 were sound and 2 were silent feature films, 92 sound and 32 silent educational films, 203 sound and 23 silent news reels, and 94 sound and 7 silent advertising films.

COMPETITION-

The film production of Hungary during 1935 continued to be mainly of local importance. The expatriated German film production benefited Budapest to a certain extent and the same situation helped to maintain the American leadership. Five years ago German films held nearly 90 percent of the trade, but in 1932 American films regained the ground lost, representing 55 percent of the films shown, and in 1933 advanced to 65 percent. In 1934 American films represented 61 percent, and in 1935 48 percent of the sound films and 4.6 percent of the silent films shown. The decrease in the percentage of American films shown is due principally to the development of the Hungarian film industry, the products of which have practically eliminated American films from the provincial motion-picture theaters.

COPYRIGHT RELATIONS-

A special convention signed October 13, 1913, gives copyright protection.

PRODUCTION-

There are two Government controlled studios in Hungary producing films. During 1935 the Hungarian Film Bureau (Magyar Filmiroda) produced 4 sound feature films (9,094 meters) 3 educational films (1,542 meters), and 52 news reels (12,000 meters). The Hunnia Film Studio working throughout the year produced 16 feature films averaging 2,500 meters each, or a total of 40,000 meters. Eleven of the films produced were in Hungarian only, three in German and two in Hungarian and German. The cost of production varied from 110,000 to 800,000 pengo per film. No figures are available concerning the cost of production of films produced by the Hungarian Film Bureau. To develop local production, the producers of Hungarian films may have the use of the Hunnia studio free of

charge, provided the Hungarian Film Industry Fund accepts the theme, in which case the Film Industry Fund pays the Hurnia 40 pengó per day for the use of the studio.

TAXES-

The amusement tax in first-run motion picture houses in Budapest between October 1 and April 30 is 6 percent of the total receipts if the seating capacity is over 400 , and 5 percent if the seating capacity is under 400. Between May 1 and September 30 the amusement tax in theaters of over 400 seating capacity is 3 percent, and if the capacity is under 400, 2 percent. In all other motion picture theaters with a seating capacity of over 600 the amusement tax is 5 percent and, if under 600, 4 percent between October 1 and April 30. The amusement tax in these theaters between May 1 and September 30 is 2 percent regardless of the seating capacity. In the provinces the amusement tax varies between 5 and 15 percent. The additional turn-over tax (national) is 3 percent.

THEATERS-

There are 410 motion-picture theaters in operation in Hungary during 1935.

According to Decree No. 174.000/1936 B. M., since August 31, 1936, first-run houses in Hungary may exhibit only one feature film of over 1,200 meters in length per performance. On weekdays first-run houses are permitted to give three performances and four on Sundays and holidays. A single performance may consist of not over 3,400 meters of film. The same decree forbids first-run houses to give half-price performances or to sell tickets at special rates. On the other hand other than first-run houses are permitted to show only one feature film at a single performance. Second-run and other motion-picture theaters in Budapest and the provinces may give four performances on weekdays and five on Saturdays, Sundays, and holidays. The program may consist of 3,800 meters of film. According to the decree all performances must end by 12 o'clock midnight.

Decree 174,000/1936 B. M. orders that every motion-picture theater employee must have 1 free day each week which can not be exchanged for any consideration.

SOUND-

Of the above 410 theaters, 385 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,418,296 ft.	\$32,290
Negative sound	---	---

1936 - (First 10 months)		
Positive sound	1,222,277 ft.	\$27,078
Negative sound	32,487 ft.	\$455

INDIA

LEGISLATION-

The failure which met the Indian section of the Calcutta Press in its agitation against the construction of the Metro Theater in that city did not daunt the spirit of the Motion Picture Society of India, Bombay, a body representing the indigenous industry. As soon as it learned of the projected construction of another Metro Theater in Bombay, it staged an even stronger campaign of agitation through the press, direct representations to authorities, and public meetings, but the Government took the stand that the society could not interfere with fair and legitimate trade competition and the agitators were subdued.

During the year there have been no films exhibited which have seriously aroused criticism either on the part of the Government or the Indian population, as was the case in connection with "India Speaks" and several other films of the past few years.

CENSORSHIP-

During the year several representations were made to the Board of Film Censors, as a result of which the foreign film industry has not only been able to get from the Board assurances of cooperation but definite concessions in the way of preservation of cuts made in a film for a period of 2 years before destruction, and reduction of charges for advertising trailers to Rs. 3 instead of Rs. 5 as in the past. Cuts were made in 19 films examined by the Bengal Board during the year ending March 31, 1936.

During the year ending March 31, 1936, 1,198 films of 3,362,022 feet were certified by the Bengal Board representing 641 films, 1,528,085 feet American; 408 films, 628,880 feet British; 8 foreign films, 10,055 feet; and 141 Indian films, measuring 1,135,022 feet.

The bill to amend the Cinematograph Act to include the censorship of cinema posters is still before the Government and there are no indications as to when it might be considered in the Assembly. There is considerable doubt among distributors that it will be passed.

COMPETITION-

During the fiscal year ending March 31, 1936, about 73 percent by footage of the imported pictures were American. This figure is an estimate, as

inaccuracies are found in import statistics caused by reimportation of American films from Ceylon. The distribution arrangements for British pictures continued to improve, and British pictures accounted for 24 percent during the above period.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

In India there is no organization, official or private, which assembles data relative to the production of Indian films. It is understood that the Motion Picture Society of India recently issued a questionnaire to the various indigenous producing units, but the response it received was disappointing. According to the trade there are in India 25 native major producing companies. There are also 40 to 50 small producing concerns which may exist today and discontinue operations on the morrow. It is also estimated that there are at least 70 motion-picture producing concerns in South India alone and that this number is increasing rapidly.

It is the general impression of the public that the quality of Indian films is steadily improving and several produced and exhibited during the past year, despite the local language difficulty, have attracted the discerning attention and admiration of the European members of the public.

During the period January to October 1936, a total of 396 Indian pictures with a total footage of 2,627,334 feet were examined by the Bombay and Calcutta Boards. During the same period of 1935 a total of 346 Indian pictures with a total footage of 3,101,314 were examined by these boards. No segregation is made between sound and silent films, but the trade reports that a larger proportion of the films censored were sound.

TAXES-

During the year under review, the Government of India withdrew the drawback of seven-eighths percent Customs duty which the foreign film industry was enjoying in the past as a fair and reasonable privilege. The Kinematograph Renters' Society made able representations to the Government, supported by statistics appealing for reconsideration of their decision, but to no avail. This action on the part of the Government, which is claimed by the Motion Picture Society as being directly due to their initiative, is regarded as an additional imposition placed on the distribution of foreign films in this territory, including of course the existing excessive tariffs.

The present rate continues to be 7 annas per foot on foreign exposed films.

The foreign film industry in this country has submitted its second petition to the Government seeking at least a small measure of relief from the existing excessive tariffs and it is hoped that the Government will not disappoint the petitioners this time.

THEATERS-

There are 670 theaters now operating in India.

SOUND-

According to the trade, the number of theaters equipped for sound in India is 600. From this total there were 150 theaters showing exclusively American, British, and Continental pictures, 120 theaters showing mixed foreign and Indian films, and the remaining 330 theaters showing exclusively Indian films.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	4,939,945 ft.	\$94,802
Negative sound	42,272 ft.	\$990
1936 - (First 10 months)		
Positive sound	3,948,597 ft.	\$77,036
Negative sound	4,375 ft.	\$247

ITALY

LEGISLATION-

The importation of films into Italy is subject to ministerial licenses. In the administration of this system, as regards American films, it has been recently decided that for the year ending June 30, 1937, 250 American films may be imported. However, the amount of money which can be exported for American films pertaining to the said year's business is limited to 20 million lire. Amounts which will accrue to American companies in excess of 20 million lire must remain in Italy.

Theaters are compelled by law to show one Italian picture for every three foreign films.

All films must be dubbed in the Italian language, and such dubbing must be done in Italy. All films dubbed have to pay a tax of 30,000 lire for each film dubbed. Considerable opposition was attempted when the law was under way, but distributors were and are compelled to comply with this regulation and to pay the tax. It is claimed that this measure was enacted to safeguard the

interests of dubbing studios and indirectly to provide work for deserving actors whom the moving pictures have thrown out of employment.

Today there are nine dubbing studios in Italy and they are reported to be doing very high-grade work.

Italian products are made with Italian capital, but where two or more versions are made, the foreign version is made in cooperation with foreign producers.

The past year has seen no further development than took place in earlier years in the application of the quota law, passed in October 1927, requiring that one-tenth of the exhibition time be reserved for domestically produced film. The reason for this nonapplication still lies in the fact that domestic production has not yet reached a volume sufficient to require the enforcement of this legislation.

An annual State allowance of 2 million lire for meritorious films is awarded each year. In the year 1935-36, out of 35 films produced, 21 received prizes.

The ban on other than the Italian language in talking films is rigidly enforced, but singing sequences are permitted and the restriction does not apply to news reels. War and Russian subjects are still subject to severe scrutiny, and, in general, are not accepted.

The following are the provisions of the Decree putting in effect newly created taxes upon "dubbed" films which became effective by Decree No. 1301, July 20, 1934. By this Decree the dubbing tax is payable in three installments: 10,000 lire before the granting of the permit to dub the film, and 10,000 lire within 3 months and a further 10,000 lire within 6 months of issuance of permit.

1. It imposes the obligation that all foreign films must be "dubbed" in Italy.

2. It imposes a tax of 30,000 lire on each "dubbed" film.

3. It grants producers of each film in Italy the right to "dub" three foreign films free of said tax.

4. It obliges every cinema owner to show one Italian film for every three foreign films shown.

CENSORSHIP-

Censorship continues to be rigorous, though not unreasonable. The chief objection is that even after a film has passed the censors and been screened,

it can be objected to by any private citizen or organization, on complaint to the police, who have the power to review the film, and if deemed necessary or advisable, to order it off the screen.

COMPETITION-

About 65 percent of the films shown continue to be American, with the balance domestic, and German, French, English, and Austrian, all dubbed, the same volume. All foreign films are now projected in "dubbed" versions in Italy.

COPYRIGHT RELATIONS-

Protected by the Statute and Regulations of November 17, 1925.

PRODUCTION-

There are four producing studios in Italy, the oldest being of course Cines, the others being as follows: Caesar, Rome; Tirrenia, Leghorn; Safar, Rome.

While Cines uses American equipment, Caesar and Tirrenia use Klangfilm recorders. Safar uses Tobis equipment.

The combined production of these studios is some 30 historical, patriotic, and farcical pictures.

TAXES-

Taxes on cinema tickets and on the operations of distributors remain high, but not higher in proportion than those on other types of entertainment or business in general.

THEATERS-

There are 4,800 theaters with a total seating capacity of 1,600,000. Theater prices range from lire 0.50 in the small towns to lire 12.00 in the first-run houses in the principal cities. This figure is occasionally increased to lire 15.00 where it is considered that the picture warrants it.

Yearly box-office receipts are computed at more than 400 million lire. Of this total about 100 million lire is turned over to the producers, while 70 million lire is collected by the Government for taxes.

SOUND-

There are now 2,800 theaters which have some sort of sound equipment, of which 11 percent have American equipment, the others being Italian with a few German and English machines.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,782,623 ft.	\$40,321
Negative sound	406,793 ft.	\$33,095
1936 - (First 10 months)		
Positive sound	1,134,941 ft.	\$23,353
Negative sound	233,590 ft.	\$16,269

JAMAICA

LEGISLATION-

There are no laws affecting the importation of motion-picture films.

CENSORSHIP-

Films are censored in Kingston for showing in the whole Island under Jamaica Law 14 of 1913, Jamaica Law 13 of 1925, and Jamaica Law 21 of 1926. Censorship is moderate and about 3 percent of the pictures are refused each year. Pictures showing drunkenness or unconventional frivolity on the part of white people will not pass the censor. This is because of the large negro population. Pictures showing robberies and hold-ups are banned, since it is believed that they might have a bad impression on some of the lower classes, and might act as an incentive to crime.

COMPETITION-

About 75 to 85 percent of the films shown come from the United States; the remaining 15 to 25 percent come from England.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

There is no production of motion pictures in Jamaica.

TAXES-

General property taxes and income taxes are imposed on theaters. There are no taxes on theater admissions.

THEATERS-

There are 15 theaters in Jamaica having 12,500 seats. Admission prices range from 6 pence (\$0.12½) to 1 shilling 6 pence (\$0.36¾).

SOUND-

All of the 15 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	83,421 ft.	\$ 1,116
Negative sound	2,126 ft.	\$107
1936 - (First 10 months)		
Positive sound	116,118 ft.	\$ 1,043
Negative sound	10,000 ft.	\$150

JAPAN

LEGISLATION-

Two important developments have taken place in the Japanese motion-picture market in recent months. Both developments are significant from the standpoint of American participation in this market. The first is the formation of the American Motion Picture Association of Japan, while the second important development is linked up with the financial collapse of the Japan Motion Picture Co., Ltd., known locally as "Nikkatsu", oldest motion picture producing company in Japan. The "Nikkatsu" interests, which include working arrangements for exhibiting in a considerable number of theaters, were taken over by Shochiku Production.

In general, the position of American films in the Japanese market was better during the first 10 months of 1936 than was the case in 1935, due partly to the difficulties of the "Nikkatsu" concern but mainly to a falling off in popularity of European films. The bulk of the European films were of German origin and it is said that Nazi propaganda has been inserted into these pictures to such an extent that they are no longer to the taste of the Japanese including official and private entities.

There are at present in Japan proper no quota or contingent laws, decrees, etc., inimical to the interests of American films. Such legislation may be forthcoming as a result of the drive for compulsory showing of educational films.

The question of establishing a censorship in Karafuto (Japanese Saghalien) is being discussed by the authorities, according to several American film distributors. Distributors and exhibitors are against such a plan on the basis that the censorship in Japan proper should be sufficient for this colony with its very limited population.

In Chosen (Korea), regulations are in force whereby meterage of foreign films must not exceed two-thirds of the total meterage of the films screened in 1 month in one theater and the balance of one-third of meterage must be supplied by Korean or Japanese pictures. In 1937, this ratio will be increased to one-half. No information is available regarding the production of motion pictures in Korea.

The threat of legislation being enacted in the near future providing for compulsory showing of educational pictures and for the free showing of such pictures, tends to reduce attendance at houses showing foreign films. Another threat is the development of the Toho-Nikkatsu producing and exhibition combine that will further limit the outlets for American pictures in this market.

CENSORSHIP-

No foreign or domestic films were banned by the censor during the first half of 1935. During that period a total of 391 feature films were passed by the censor compared with 345 during the 1935 first half. The following table summarizes the feature films censored according to origin:

	<u>First half of 1935</u>	<u>First half of 1936</u>
Japanese	211	231
American	107	137
European	27	23
Total	345	391

Of the 23 European films censored during the first half of 1936, 11 were of German origin, 8 French, 2 Austrian, and 2 Italian.

Martial law which was put into effect after the February 26th Incident, was lifted in Tokyo during the summer and apparently, insofar as the censors are concerned at least, martial law is still in effect. Several American film distributors are reported to be keeping certain films, which should be smash hits under normal conditions but which now would probably be banned, in bonded warehouses pending less strict application of the censorship laws. The fact that no foreign pictures were banned during the first half of 1936 is indicative of the care and effort used by local distributors in selecting pictures for this market. It is obvious, also, that their respective home offices are interested in sending out only such films as will surely pass the censors either entire or with the least amount of mutilation.

COMPETITION-

During the first 6 months of 1936, 35 percent of the films shown were American.

COPYRIGHT RELATIONS-

Treaties of May 17, 1903, October 11, 1908.

PRODUCTION-

During 1935, 470 motion pictures were produced in Japan, of which 283 were with sound and dialog, and 187 were silent. Shochiku Cinema Co. Ltd., produced during 1935 a total of 96 pictures, the Shinko Cinema Co., Ltd., a total of 85, and the Japan Motion Picture Co., Ltd., (Nikkatsu) 62 pictures. Other minor companies accounted for the remaining 227 pictures. Production during 1936 was estimated to be 496 features.

Regarding the inability of domestic producers to make quality films, nothing much has transpired during 1936 that might cause an impartial observer to change or modify this statement although the entrance of the Toho-Nikkatsu combine into the field may stimulate superior output. The shorter hours for programs may also help producers to devote greater attention to quality than has heretofore been the case.

From the popularity of foreign films, particularly American, with the theater-going public in the urban centers, it may be noted that the Japanese intelligentsia invariably prefer foreign films. They claim that the Japanese pictures are made for the uneducated masses, are juvenile in plot, are poorly directed and, save for rare exceptions, generally can not appeal to the middle and upper classes of society. It seems no exaggeration to say that the future of American films in this market hinges largely upon the fact that the educated classes want them and will object strenuously to legislation curtailing their screening in Japan. Judging by reports, American films are maintaining their popularity with the public, but, as indicated, they are suffering more from threat of increased and improved domestic production, a more complete tie-up of outlets by domestic producers and greater Government interest in the industry.

TAXES-

Taxes on theaters and theater admissions in Japan are extremely moderate. City and prefectural exhibition taxes, paid by the theater owners as part of operating expense, approximate 2 percent of gross receipts. The taxes, and methods of assessing the taxes, vary from city to city. In Tokyo, for instance, the prefectural tax is the most important and amounts to Yen 8.00 per Yen 1,000 received. To this total a sum amounting to 144 percent (of the Yen 8.00) is added, making a total of Yen 19.52 per Yen 19.52 per Yen 1,000.

In other areas, the method is extremely complicated. In Osaka, for example, the method of calculating the various taxes, which in the aggregate are moderate, calls for advanced calculus and all the ingenuity of the Japanese abacus (calculating machine) for its solution. Herewith is a rough translation of the Osaka method:

When the motion-picture theater has a seating capacity for 1,000 people, admission fees being Yen 0.50 as the lowest, Yen 1.00 as the medium rate and Yen 1.50 as the highest, tax is payable as follows:

- (a) National tax is 20 times the figure calculated by adding the lowest admission fee to the highest admission fee and dividing by two.
- (b) City tax is about the same.
- (c) In case seating capacity exceeds 1,000 the tax is increased at the following ratio:
 - (1) Capacity being 1,100: 22 times the figure mentioned in (a).
 - (2) Capacity being 1,500: 30 times the figure mentioned in (a).
- (d) The above tax is payable in case the performance is played only once a day. If the performance is repeated more than twice a day, half of the above figure is taxed upon each of the second and following performances.

THEATERS-

According to the Department of Home Affairs, there were 1,767 theaters operating in Japan at the beginning of 1936. Approximately 30 new theaters were opened during 1936.

SOUND-

There are 1,469 theaters in Japan equipped for sound motion pictures. This is 83 percent of the total number of theaters in the country.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	4,938,343 ft.	\$98,075
Negative sound	108,834 ft.	\$ 2,720
1936 - (First 10 months)		
Positive sound	4,165,267 ft.	\$78,496
Negative sound	35,192 ft.	\$661

LATVIA

LEGISLATION-

The Latvian Government's project to establish a film import monopoly has not been abandoned, but no concrete plans have appeared as yet. The production of sound films in the Lettish language has been increasing, and the complete product is now made in Latvia. The Latvian authorities appear determined to develop such production.

CENSORSHIP-

By special instructions issued by the Latvian Film Censoring Board, all texts, advertisements, and other printed matter must be in the Lettish language only instead of Lettish, Cerman, and Russian, as formerly. No foreign language except in the form of sound is permitted. This places American films at a disadvantage, since the local population does not generally understand English, and certain sections of the population do not understand Lettish and are used to depending on the printed accompanying text, each racial subdivision of the population reading its own language.

COMPETITION-

The percentage of American films imported into Latvia in 1935 amounted to 43.3 percent of total imports of films.

COPYRIGHT RELATIONS-

The Baltic States still use the former Russian copyright law, which has never been revised and has therefore become obsolete. This does not offer proper protection to producers. The Latvian Government has decided to adhere to the Berne Convention of 1886, revised in Rome in 1928. This will not become effective in Latvia until May 15, 1937.

PRODUCTION-

1935

<u>Type</u>	<u>Number of films</u>	<u>Length in meters</u>
Dramas	1	2,150
Comedies	1	159
News reels)		
Landscapes)	77	14,681
Scientific	1	1,530
Educational	11	7,638
Advertising	<u>21</u>	<u>1,092</u>
Total	112	27,250

TAXES-

Turn-over tax payable, for tickets up to lats 1.20, 25 percent; tickets sold for 1.21 to 2.00 lats, 30 percent. When programs consist exclusively of educational films, the tax levied is 15 percent of the admission price. The tax levied on tickets in provincial theaters averages 20 percent of the cost of tickets, which for educational films, is reduced to 15 percent. Importers of films pay a special tax of 0.15 lats per meter for the benefit of the Culture Fund.

THEATERS-

There are 98 theaters in Latvia, of which 37 are in Riga.

SOUND-

There are no moving picture houses showing exclusively silent films. All moving picture theaters in Latvia are equipped for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	301,884 ft.	\$4,633
Negative sound	---	---
1936 -- (First 10 months)		
Positive sound	361,034 ft.	\$5,593
Negative sound	---	---

LITHUANIA

LEGISLATION-

There are no quota or contingent laws on motion picture films in Lithuania.

Regulations governing the importation of cinema films into Lithuania were promulgated on November 19, 1932, retroactive to September 1, 1932, by the Minister of Finance, in agreement with the Minister of the Interior, on the basis of paragraph 103 (I) of the Customs Statutes, as amended on September 1, 1932, and contain the following important provisions:

1. Cinema films may be imported into Lithuania only through the Kaunas customhouse.

2. Cinema films being imported through other customhouses shall be forwarded to the Kaunas customhouse for inspection.

3. After the Kaunas customhouse has inspected the film and received the assessed customs duty as a deposit from the owner, or the forwarding agent, it shall submit it to the film censor for inspection. Cinema films shall be submitted to the censor sealed.

4. Films passed by the censor shall be returned to the owner or to his authorized representative together with a permit from the censor, who shall so inform the Kaunas customhouse.

5. Cinema films prohibited demonstration by the censor shall be returned to the Kaunas customhouse sealed; shall be reexported and the deposit made by the film owner shall be returned to him.

6. Cinema films received from abroad by parcel post shall be forwarded to the Kaunas customhouse for inspection. The expense of sending cinema films to the film censor shall be covered by the owner or his authorized representative.

Import Licenses-

By an extension of the Lithuanian import license system, effective February 15, 1936, cinema films were included in the list of products for the import which a license is required.

Regulation of Domestic News Reels-

According to an amendment of the censorship law, effective April 15, 1935, permits must be procured for the exportation of films produced in Lithuania.

The same amendment also provides that for the production of news reels in Lithuania a permit must be obtained from the Ministry of Interior.

According to a decree of the Minister of Interior, promulgated on October 1, 1935, domestic news reels may be demonstrated in cinema theaters in Kaunas and its suburbs, not longer than 9 weeks from date of the license by the censor's office. In the towns of Siauliai, Panevezys, Mariampole, and Ukmerge the demonstration may last 14 weeks, in other district towns not longer than 24 weeks, and in other places not longer than 8 months.

CENSORSHIP-

The Lithuanian Cinema Censorship Law also became effective on September 1, 1932, the most important provisions of which are as follows:

1. All films imported into Lithuania must be censored by the film censor of the Lithuanian Ministry of the Interior.

2. No films will be permitted to be demonstrated which endanger the safety of the State or public safety, public order, morality or health.

3. A nominal fee shall be charged for censoring films.

For infraction of the above laws offenders may be sentenced to imprisonment or fined up to 5,000 lits with confiscation of the film, in accordance with an amendment of the Penal Code, effective September 1, 1932.

On December 22, 1934, the Minister of the Interior issued instructions for the censorship of films on the basis of article 10 of the Censorship Law of September 1, 1932, the most important provisions of which are given below:

1. The importation and demonstration of every film in Lithuania must be licensed by the film censor.

2. In order to obtain a license, a petition must be submitted to the film censor.

3. All subtitles and texts written in a foreign language must be removed from the film before it is censored, and, where necessary, replaced by Lithuanian subtitles and texts.

4. Subtitles on films or slides must correspond with the context.

5. Films imported from abroad must be censored not later than 15 days after they are released by the customs authorities, or be liable to confiscation by the censor, and to re-exportation at the owner's expense.

6. Films, or parts of films, prohibited demonstration by the censor are to be surrendered by the owner for reshipment abroad, not later than two days after censoring.

The noncompliance with this provision may result in the destruction of the film.

7. For the re-importation of films already demonstrated in Lithuania, a petition shall be filed in the usual manner and shall contain the date and number of the former license.

No new laws or regulations regarding the censoring of films were promulgated during the first 7 months of 1936.

No statistics as to the number of films censored and demonstrated during the years 1934 and 1935 have been compiled by the censor. The number of films prohibited demonstration during 1935 was 12, of which 4 films were of American production, 3 of Soviet production, 3 of German origin, and 2 of

French origin. More detailed statistics were not compiled during this year.

The compilation of detailed statistics was commenced on January 1936. During the first 7 months of 1936, a total of 434 films, having a length of 504,693 meters, were censored. Of this number 204 films, having a length of 237,383 meters, were of American production; 117 films, 170,443 meters, German production; 21 films, 95,191 meters, Austrian production; 25 films, 4,364 meters, Lithuanian production; 19 films, 29,132 meters, Soviet production; 19 films, 28,048 meters, British production; and 12 films, 23,585 meters, of French production. The rest were of Latvian, Polish, Palestine, and Swedish production. Of the total number of films censored, 174 films were in the English language, 148 in German, 17 in Russian, and 12 in French. The language of the remainder of the films is unknown. In all, 14 films were prohibited demonstration during the first 7 months of this year, of which 7 were of German production, 4 American, 2 Soviet, and 1 British. Statistics for later months are not yet available.

COMPETITION-

According to a reliable individual in Lithuania, as well as officials of the Film Censoring Section of the Ministry of Interior, approximately 50 percent of films exhibited in Lithuania in 1933 were of American origin, followed by German (about 35 percent), French, Soviet Russian, Czechoslovak, and Polish films. About 50 percent of American films were dubbed in the German language. The percentage of films demonstrated in Lithuania in 1934 is as follows: German and Austrian films 50 percent, American films 40 percent, one-half of which were dubbed in the German language, and the rest Soviet Russian and French films.

According to the film censor of the Ministry of the Interior, approximately 60 percent of films exhibited in Lithuania during the year 1935 were of American origin, followed by German (about 30 percent), Soviet, French, and others. During the first 8 months of 1936, approximately 60 percent of films prohibited were of American origin, 30 percent of German origin, and the rest of Soviet, Austrian, and French origin.

COPYRIGHT REGULATIONS-

There are no copyright relations with Lithuania.

PRODUCTION-

A monopoly for the production of news reels in Lithuania for a period of 5 years was granted in April 1935, to Mr. Jurgis Lanartas, who later established the firm "Musu Lietuva" ("Our Lithuania"). This firm is producing principally news reels depicting Lithuanian life, but of a very poor quality.

During the first 10 months of 1936 the firm "Musa Lietuva" produced 78 news reels. The average length of a news reel is 120 meters. "Musu Lietuva" has purchased the necessary equipment for the taking of sound-on-film news reels. It is believed that the demonstration of sound-on-film news reels of local production will begin in the near future.

TAXES-

The current Amusement Tax Law became effective August 1, 1932, and taxes admission to motion picture houses as follows: Tickets up to lit 1.00, 20 percent; from lits 1.00 to lits 2.00, 30 percent; over lits 2.00, 40 percent.

THEATERS - 64.

The yearly box-office receipts of cinema theaters are considered as strictly confidential by the owners of the theaters, as well as by the tax authorities.

According to unofficial information, the average gross receipts of the four principal theaters in Kaunas, the capital of Lithuania, during 1935, amounted to approximately 500,000 lits, compared to 400,000 lits in 1934. Net receipts average about 25 percent less than gross receipts.

Owners of the larger theaters in Kaunas receive films either on a rental or percentage basis or both. They guarantee a certain rent for the film or a certain percent from the net profit, in cases involving a high class film, which they may derive from its demonstration. The net profit usually varies between 30 and 50 percent of the net receipts.

In conformity with the Cinema Law, effective September 1, 1932, films of Lithuanian life are required to be shown daily. The usual demonstration order in local cinema theaters is as follows: Advertising of local commercial and industrial institutions, local news reels of a length of from 120 to 150 meters foreign (usually American) weekly news reels of from 300 to 350 meters, a grotesque comedy or scenic film of 150 to 300 meters, and then the feature.

SOUND-

There are 44 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	36,793 ft.	\$504
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	111,991 ft.	\$2,812
Negative sound	---	---

MEXICO

LEGISLATION-

Preferential taxes accorded Spanish dialog films were reduced on foreign films not falling in this category through compromise in February 1936, and their influence on American competition is now described as negligible. Also, imports of Spanish dialog films during 1936 were of little importance, and are expected to continue so during 1937, with a fairly open field, therefore, being left for American enterprise.

CENSORSHIP-

Foreign pictures are cleared through the Customs at the border and duties are paid. Immediately upon their arrival in Mexico City, an application for their exhibition is placed with the Central Department. Arrangements are made by the Central Department for the trial exhibition of the picture either in its own studio or in the projection room of the exhibitor. Censors are appointed by the Central Department in accordance with the demand, and the censor is usually a woman. The censors are particularly interested in securing the use of correct Spanish and eliminating any scenes which may be derogatory to Mexico. The censors are very reasonable, and the motion-picture producers are not experiencing any difficulty from that source. A fee of 5.75 pesos per reel is charged, and if the reel is over 300 meters, the censorship fee is 10 pesos.

Censorship in Mexico is not considered burdensome. An additional censorship has been added and is now being effected in the Interior Department of the Government. The object of this is to obtain assurance that films shown in Mexico are not inimical to national pride, culture, institutions, customs, history, Government policy, etc. No fee for this additional censorship is charged.

Organized labor is reported interested in preventing the exhibition of Nazi or Fascist films in Mexico. Such films containing propaganda may be expected to be blocked by the additional censorship in the Department of the Interior as opposed to national policy. Imports of films from Germany and Italy, therefore, may be adversely affected by the additional censorship and the policy of organized labor.

COMPETITION-

From 85 to 90 percent of films exhibited in Mexico are of American manufacture. Imports during 1936 of films by countries are estimated in the trade as follows:

<u>Country</u>	<u>Number of films</u>
United States	420
England	25 (*)
Germany	20
Spain	15
France	6
Others	20
Total	506

(*) Of these, about 12 are credited to an American company.

COPYRIGHT RELATIONS-

By Presidential Proclamation of February 27, 1886, and April 9, 1910. An additional copyright regulation was published in the Diario Oficial of April 16, 1924, and is also recorded on page 330, chapter VII, of the Reformed Civil Code of the Federal District.

PRODUCTION-

Although about 50 national films were produced in 1935, many of them were by no means box office, with the result that 1936 production has been reduced and the total for the latter year is placed at about 28 films. Of these, eight were reported to have been "flops". Studios of Cinematografica Latino Americana were completed in 1936, but only one film has been produced, according to report. It is not considered that this company will offer much competition for some time. Cia. Nacional Productora de Peliculas is stated not to have been able to compete any films during 1936 because of a prolonged strike. The studio "Mexico Films" has three sound stages and is reputed to be the second best equipped in Mexico. Industria Cinematografica continues to operate a sound stage. Total investment in these aforementioned studios is said to not exceed 900,000 pesos. Sound-film apparatus used in Mexican productions is owned and operated by other entities with the exception of Cinematografica Latino Americana which is reported to have its own sound recording equipment. The greater part of national films is produced by companies which rent a studio and sound recording apparatus only for the duration of production on a film. Although only seven companies regularly produce films, there are many more which are organized for only one film.

TAXES-

Taxes are not considered high in the majority opinion of the industry. Generally, it is considered that taxes are fair and not disproportionate to those charged in other countries. Protests have been made by some national producers, but these are laid to production failures which leave producers at times unable to meet taxes.

Sr. Don Cosme Hinojosa, Chief of the Central Department (Federal District), on January 12 last, was reported by the press to have denied petitions made by national producers in the Federal District that certain taxation exemptions be accorded them. The reply directed to the Union of Mexican Film Producers (Union de Productores de Peliculas Mexicanas) stated that if national producers were unable to meet taxes it was because of "incipiency" of the industry and lack of sufficient capital and proper organization. Technical equipment was considered not enough, and the prime need of adequate talent and story material and artistic direction was pointed out. "Practical and positive protection" of national industry was seen as a problem belonging to the industry and not one of the Government. Therefore, no immediate further protection or additional preferential tax treatment is expected to be accorded national industry.

THEATERS-

A total of 835 houses are reported to be functioning in Mexico. A considerable part of the remainder are said not to be operated consecutively. Seating capacity of those regularly operating is placed at 700,000.

In Mexico City about five new houses were opened during 1936 and are operating. Among these is the "Alameda", a very large and modern house.

SOUND-

There are 402 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	4,991,745 ft.	\$233,359
Negative sound	19,020 ft.	\$822
1936 - (First 10 months)		
Positive sound	7,093,139 ft.	\$225,419
Negative sound	33,314 ft.	\$935

NETHERLANDS

LEGISLATION-

Agitation against motion-picture film exhibition, distinguished from censorship, is practically nonexistent in the Netherlands.

The most important development, in September 1936, affecting the motion-picture trade was the action taken by the Netherland Government to depreciate (in terms of dollars) the value of the guilder. Prior to September 26, 1936,

the exchange value of the dollar in the Netherlands had been stable for some time at about Fl. 1.48. Following the change in the financial policy of the Netherland Government on that date, exchange rates have fluctuated considerably and there is no assurance that the current rate will be maintained. In October 1936, the local exchange dollar is slightly above Fl. 1.85. The exchange value of the dollar has appreciated approximately 37 guilder cents or about 25 percent during the month of October.

There can be no immediate increase in the guilder rentals or royalties on American films exhibited in the Netherlands, so American producers must accept a loss in dollar returns from the local exhibitions of their films; they accepted an increase in dollar returns when the depreciation of the dollar in 1933 was not accompanied by any decrease in guilder charges locally. The dollar value of some of the fixed charges of distribution in the Netherlands, such as import duties and censorship fees, which are at specific footage rates, will be reduced.

CENSORSHIP-

Censorship is rather strict. Under the present law of May 14, 1926, (S. 118), power is vested in a Central Commission of 60 members, at the Hague, from which reviewing boards are appointed. Films are placed in one of three classes: (1) "long" (feature) films, (2) "cultural" and "scientific" films, usually short, but feature films are occasionally so classified, (3) "short" films, including news reels. Each film is given one of four ratings: (a) suitable for all ages, (b) not to be shown to children under 14 years of age, (c) not to be shown to persons under 18 years of age, (d) not to be exhibited. Films prescribed may be passed upon subsequent review, usually after alterations, and occasionally a higher rating is obtained by alterations and subsequent review. The censorship fees are Fl. 0.035 per meter for feature films, and Fl. 0.001 per meter for cultural and scientific films.

A Catholic censorship must review and pass all films rated "C" by the National Board before they may be exhibited in 28 municipalities of the Provinces Limburg and North Brabant. There is no fee for this censorship.

Any mayor may forbid the showing of any film in his community however, that action is rare. The City of Nijmegen requires approval by a local censorship board; no censorship fee is charged.

During the first 10 months of 1936 the National Board passed, "A", "B", or "C", 389 long feature films compared with 344 similar films passed in the corresponding period of the previous year. During the 1936 period 27 feature films were proscribed, 10 of that number passed subsequent reviews. In the 1935 period 16 feature films had been proscribed without passing subsequent reviews.

Films are barred which are believed likely to incite disorder or immorality or which have objectionable political tendencies. American gangster pictures are most often rejected by the censors; immorality (nudity in the "Catholic Provinces"), unacceptable treatment of religious subjects, and certain political propaganda are other usual causes for rejection.

COMPETITION-

In recent years the dominant position of American feature films has improved, while German films have declined in popularity; there is no serious competition from Netherland producers. The following table gives the nationality of the long feature, or cultural, films passed by the National Board of Censors in the Netherlands.

January 1 to October 31				
<u>Nationality</u>	<u>1935</u>		<u>1936</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
American	186	54.8	212	54.9
German	62	18.0	67	17.2
French	30	8.7	35	9.0
Czechoslovak	16	4.6	5	1.3
Austrian	17	4.9	16	4.1
English	18	5.2	26	6.7
Netherland	6	1.7	13	3.3
Hungarian	2	0.6	4	1.0
Italian	included		3	0.8
Russian	in		6	1.5
Spanish	others		1	0.3
Belgian			1	0.3
Others	6	1.9	--	--
	344	100.0	389	100.0

COPYRIGHT RELATIONS-

Netherlands is a member of the "Berne Convention". Present copyright laws are dated September 23, 1912. Copyright continues, with some exceptions, 50 years after author's death.

PRODUCTION-

Only two studios, Barnstijn at Wassenaar and Cinetone at Amsterdam, are used for regular production. Studio facilities elsewhere are used occasionally for special work. There are no producers working on regular production schedules; nine producing companies are listed but some of them have not

produced a picture during the current year. Nine Netherland long-feature films were released during the first 10 months of 1936.

TAXES-

Import duties are fixed at Fl. 0.04 per meter to which must be added a compensatory duty of 1 percent and a sales tax of 4 percent.

Amusement taxes vary with municipalities but are generally reasonable.

THEATERS-

About 305 theaters are listed; a few are not operated regularly.

It is customary for American films to be released in the Netherlands for "first runs" on a percentage basis. The exhibitors guarantee a fixed minimum and pay the distributors a percentage, usually 25 percent, of the net profit. American films are usually released for "second runs" on a straight guilder rental. Eventual improvement in business, which is expected to follow the new financial policy of the government, may increase percentage returns from "first runs" more than enough to compensate the American producers for the guilder depreciation. The exhibitors are confident that they will be able, although not immediately, to increase the fairly standard rental charges for second-run showings.

For the past several years exhibitors have been able to maintain satisfactory attendance figures only by reducing entrance prices. The reductions have been fairly orderly but have not been governed by any definite agreement among the exhibitors, so it has been apparent for some time that regulation was necessary. The recent depreciation of the guilder will facilitate the efforts of those exhibitors who have been working to arrange such regulation. It is expected that the exhibitors will shortly agree on fixed minimum prices. The trade hopes that business developments will, somewhat later, justify increases graduated from those increased minimums.

SOUND-

On October 31, 1936, there were 297 theaters wired for sound in the Netherlands; 90 installations for sound on film and 207 installations for film and disk. There are no regular showings of silent pictures.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	3,802,697 ft.	\$70,149
Negative sound	6,413 ft.	\$641

1936 (First 10 months)

Positive sound	3,436,539 ft.	\$60,011
Negative sound	41,050 ft.	\$1,873

NETHERLANDS INDIES

LEGISLATION-

None. American pictures are popular with the public and the official attitude towards them is favorable.

CENSORSHIP-

Remains strict as to all subjects involving racial or religious differences, strikes or labor unrest, mob disorders, violence, and cruelty. While murder in itself as a necessary part of the plot is not objected to, "undue" violence even in a detective mystery story is frowned on. Censorship from the point of view of sex is as strict as ever, but American films are now encountering little difficulty on that score. The number of American films banned is steadily decreasing, the percentage of American films rejected for showing having been 12 percent in 1933, 10 percent in 1934, 5 percent in 1935, and 4.8 percent in the first half of 1936. In 1936, 13 American feature pictures were banned up to October 31, chiefly because of alleged excessive violence or cruelty.

COMPETITION-

American films made up 68 percent of all films reviewed by the Censorship Commission in the first half of 1936, as against 64 percent of those reviewed during 1935, indicating the increasingly dominant position of the American product. German and Dutch films lost ground as against previous years, making up respectively 8.4 percent and 4 percent of the total during the first half of 1936. British films showed a slight gain, accounting for 4.8 percent, while the remaining 15 percent of the total was divided among the products of 10 different countries, none of which obtained more than 2 or 3 percent of the market. These Censorship Commission figures will not necessarily agree with import figures during the same period.

The outlook for American films appears to be good, and the decreasing popularity of German films is diminishing their local importance as the chief competitors of the American product.

COPYRIGHT RELATIONS-

Laws of the Netherlands apply.

PRODUCTION-

Despite the formation during 1936 of a new company to produce films, chiefly travelogs and short subjects, local production remains negligible and while it may increase slightly, it is highly unlikely that locally produced pictures will obtain more than 5 percent of the local market during 1937.

During the first half of 1936, 16,170 meters of locally produced film were reported as having been reviewed by the Censorship Commission, of which 7,112 meters were silent film. This local film made up about 2 percent of the total amount reviewed during the period.

TAXES-

Taxes remain high and include an import duty of 15 guilder cents per meter of film. An amusement tax on admissions is levied by cities and towns and varies, but averages about 22½ percent of the admission price.

THEATERS-

There were 143 theaters estimated to be regularly open for daily performances during 1936. The estimated total of 198 includes about 55 opened only for occasional shows.

An accurate estimate of the total number of theaters in the country is difficult to obtain, as many theaters in the rural districts are little more than barns, in which shows are occasionally given, sound equipment being sometimes moved from one building to another. Some estimates place the number of buildings available and suitable for motion picture exhibition as high as 250.

SOUND-

There are 172 theaters wired for sound. At least 10 percent of these have been closed for several years and their sound equipment is probably in poor condition at present.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,883,440 ft.	\$36,103
Negative sound	1,600 ft.	\$53
1936 - (First 10 months)		
Positive sound	2,085,152 ft.	\$35,456
Negative sound	4.126 ft.	\$123

NETHERLAND WEST INDIES

LEGISLATION-

There is no agitation against American pictures in the Netherland West Indies. It is unfortunate, however, that under the so-called "block" booking system employed by American distributors, many wholly unsuitable films must be exhibited. These either depict unsavory phases of American life, because of subjects which deal with negro life to the disparagement of the white race, or vice versa, or they deal with a subject which is of no possible interest to local people. It is realized that the small size of the market of the Netherland West Indies renders difficult any attempt to permit advance showing of films, but for that very reason it would seem possible for distributors to choose with more care the kind of films they send to local moving-picture houses.

CENSORSHIP-

It is now possible for the board of censors to require the "cutting out" of any part or parts of a film, or to refuse permission for the film to be shown, if objectionable, with special attention being paid to pictures depicting class strife, political activities, and immorality. Whether a picture is suitable for both minors and adults or only for the latter, continues to be of special interest to the censors.

COMPETITION-

American films accounted for fully 95 percent of all films shown in the Netherland West Indies during the current year. News reels from the Netherlands and British films offer the principal competition.

COPYRIGHT LAWS-

Copyright laws of the Netherlands apply to the Netherland West Indies. If a film is copyrighted in the Netherlands, it is protected in the Netherland West Indies by virtue of such copyright.

PRODUCTION-

There is no production of films in the Netherland West Indies.

TAXES-

No taxes are imposed upon theaters or theater admissions.

THEATERS-

There are six theaters showing moving pictures in the Netherland West Indies, an increase of one from the last report. This theater (Theater Brion) located in Curacao is not, however, employed continuously as a moving-picture house, although it is wired for sound machines. Prices of admission are (current rate of exchange - 1.85 florins to the dollar) \$0.13 to \$0.65.

SOUND-

There are six theaters wired for sound in the Netherland West Indies, four in Curacao and two in Aruba.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	892,041 ft.	\$7,723
Negative sound	10,535 ft.	\$267
1936 - (First 10 months)		
Positive sound	986,801 ft.	\$14,767
Negative sound	2,119 ft.	\$63

NEW ZEALAND

LEGISLATION-

No new film legislation was passed during 1936. However, under the powers conferred by the Board of Trade Act, the New Zealand Film Licensing Board has decreed that all future applications for exhibitors' licenses will be carefully considered and that no license will be renewed if it is decided that either (a) undue hardship would result to the community, or (b) if unreasonable economic waste would result. It is likely that this will prevent a rise in the present total of motion-picture theaters operating in the Dominion, inasmuch as a feeling persists among motion-picture distributors and in the community generally that New Zealand is, if anything, already over-supplied with theater facilities.

CENSORSHIP-

During the year ended March 31, 1936, a total of 2,060 films of all classes, of a total length of 5,142,240 feet were examined by the censors. Of this number 11 were rejected, 91 were passed after cutting, and the number of films recommended as more suitable for adult audiences than for children was 155. These figures compare with those of the year previous, which were as follows: 28 rejected; 140 cut, and 227 recommended for adults. Opinion among exhibitors is that the drop in censorship activities indicates a general

improvement in the type of film shown over the previous year. Of the 11 films rejected, 8 were American.

COMPETITION-

During the year ended March 31, 1936, British quota films totaled 107, with a length of 767,620 feet, and nonquota films 374, of 384,520 feet. Foreign quota films totaled 376, with a length of 2,750,550 feet, and nonquota films 1,203, with a length of 1,239,550 feet. The grand total consisted of 483 quota films with a length of 3,518,170 feet, and 1,577 nonquota films, of a total length of 1,624,070 feet. The total of nonquota films decreased by 113 from those exhibited in the previous year, while there were 2 less quota films shown. The countries of origin of the quota films were as follows: United States, 373 (an increase of 19 over the previous year), Great Britain 104 (a decrease of 9 over the previous year), Australia 1, New Zealand 2, Germany 1, Spain 1, and Italy 1.

COPYRIGHT RELATIONS-

Copyright Act of 1909, by proclamation February 9, 1917, extended May 25, 1922.

(A complete summary of the copyright laws of New Zealand is on file in the Commercial Laws Division, Bureau of Foreign and Domestic Commerce, Washington, D. C.)

A fee of 1d. per New Zealand £1 of theater box revenues is paid by New Zealand exhibitors to the local representatives of the Australian Authors' Rights Protective Association. Those exhibitors who are members of the New Zealand Motion Picture Exhibitors' Association are given a 20 percent rebate on these fees.

PRODUCTION-

A total of 86,026 feet of film, valued at New Zealand £1,927, was produced in New Zealand and exported therefrom in the calendar year 1935. Three films have been produced and exhibited in New Zealand during the past 12 months. These were: "Phar Lap's Son", "The Friendly Road", and "Romantic New Zealand". The latter film was produced by the New Zealand Tourist and Publicity Department at a studio which the Government has recently taken over at Miramar, Wellington. The Government intends to film a series of educational and scenic films of New Zealand during the coming year. One object of this scheme is to export the film to foreign countries for the purpose of attracting tourists to the Dominion.

TAXES-

Under the Cinematograph Films Act, 1928, the taxable income derived by any person from the business of renting films shall be deemed to be $12\frac{1}{2}$ percent of the gross receipts derived from such business. This became operative as from April 1, 1928. The rate payable is on a sliding scale, the maximum now being 4s. 6d. in the £1 plus 30 percent. In September, 1930, the Film Hire Tax was passed, the gross receipts from the renting of foreign films after allowing a deduction of all expenses paid in New Zealand and an amount equal to $12\frac{1}{2}$ percent of the gross receipts derived from the renting of sound films, being taxes 25 percent. The rate of British films is 10 percent. The duty of 1d. per foot, payable on all foreign importations of films, was cancelled as from July 1, 1930. The advantages of this system of taxation were:

- (a) That it was directly in proportion to the net receipts from and therefore the value of film.
- (b) That it did not restrict the importation of film in any way.
- (c) That it was only payable after the monies were received by the renter, and thereby reduced the actual capital required for the operation of the business.
- (d) That it came into immediate operation and the Government derived revenue from the films already imported which would otherwise have escaped taxation. It is necessary to secure a renter's license to operate in New Zealand.

The only change made by the recently enacted legislation in the method of taxation was the fixing of $12\frac{1}{2}$ percent to the gross receipts of renters as an income for taxation purposes. Heretofore, the taxable income was to be not less than $12\frac{1}{2}$ percent of the gross receipts, and in some cases, renters were charged at a higher rate than this percentage.

The total film hire tax for the year ended March 31, 1936, was New Zealand £60,657. Recent increases in film rentals indicate that the total collected for the next fiscal year may exceed New Zealand £70,000.

THEATERS-

A total of 410 exhibitors' licenses were issued during the license year ended September 30, 1934. In addition, licenses were issued to 35 circuit exhibitors, and to 14 film exchanges.

A point of difference between the local distributing and exhibiting interests is the advisability of increasing the number of theaters licensed to exhibit film in New Zealand. Exhibitors argue that more theaters should be

licensed, that in the smaller towns the public is not able to witness a good many of even the higher quality films because of lack of exhibiting facilities. The distributors contend otherwise, and argue that even now some of the smaller theaters are unable to earn enough money owing to meager attendance.

The New Zealand Licensing Board is understood to have recently consented that two technical advisers, one from the distributors and one from the exhibitors, shall assist it in passing on future applications for theater licenses.

SOUND-

There are 410 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	3,646,599 ft.	\$70,374
Negative sound	39,771 ft.	\$686
1936 - (First 10 months)		
Positive sound	3,341,850 ft.	\$58,958
Negative sound	50,083 ft.	\$801

NICARAGUA

LEGISLATION-

There are no quota or contingent laws, inimical to the interests of American films.

CENSORSHIP-

Not strict. Few films are cut and then principally for moral reasons.

COMPETITION-

The films are 95 percent American, remainder from Mexico, Germany, and Great Britain.

COPYRIGHT RELATIONS-

Inter-American Copyright Convention, Mexico City and Buenos Aires, January 27, 1902 and August 11, 1910, as modified by the Havana agreement of February 18, 1928.

PRODUCTION-

There is no film production in Nicaragua.

TAXES-

High. Theaters pay local taxes and import duty.

THEATERS-

There are 25 theaters in Nicaragua. Seating capacity is approximately 20,000.

The average range of admission prices is from 10 to 50 centavos, while the average program consists of one feature, one comedy, and one news reel. Programs are changed daily. In the smaller theaters which do not open daily, the program is changed for each showing. The lower classes appear to like "Wild West" pictures while the better educated classes prefer drama.

American stars are decidedly preferred. There is a very pronounced objection to American stars with native language "dubbed in". The performance does not appear real; it is too evident that the person acting and the person talking are not the same; and the spoken words are frequently either too slow or too fast, and consequently do not synchronize with the action. Spanish-speaking films are preferred.

SOUND-

All of the 25 theaters are wired for sound.

NORWAY

LEGISLATION-

The government renders no aid to Norwegian film producers. It has now become the policy to organize a new company when a film is to be made, thus obtaining the necessary capital. Because of the difficulty in raising the funds needed, and because of the small amount allowed for each picture (approximately Kr. 100,000 in comparison with Swedish films costing from Kr. 150,000 to Kr. 200,000), a Norwegian picture has little, if any, chance of becoming wholly satisfactory. The studio built at Jar, outside of Oslo, has not furnished the desired incentive, and although there is still a certain amount of agitation for governmental assistance among those interested in the film industry, the Norwegian public itself seems to have lost interest in the matter. This is evidently because of lack of enthusiasm over new Norwegian releases, no doubt caused by the low standard of films produced in this country.

CENSORSHIP-

The censorship plan has remained unchanged, and, except for increased efforts to restrict the showing of gunplay and gangster films, the same methods are followed as heretofore.

COMPETITION-

American films are very popular in Norway. There is, and always will be, a certain amount of criticism with regard to American pictures, many of them being so entirely foreign to the Norwegian trend of thought. However, there is no doubt that American films are preferred, even though European pictures are perhaps more readily understood. During 1935 there were released in Oslo 269 films, of which 169 were American, 41 German, 18 Swedish, and 16 British. As will be noted, German pictures again ranked second in number and are the closest competitors, but the figures for American films and German pictures are so widely separated that the competition seems to be small indeed. That Swedish films have third place is naturally due to the similarity in the Swedish and Norwegian languages.

During the first half of 1936 there were released in Oslo 131 films, an increase of 17 as compared with the last half of 1935. American films numbered 85, or 65 percent of the total, and German 13, or 10 percent. As compared with the first half of 1935, there was an increase of 4 percent in the number of American films shown, and a decrease of 7 percent in German pictures.

The improved economic condition of Norway has been reflected in the attendance and box-office receipts of Oslo, the capital. There has been a steady increase in both for each 6-month period during 1935 and the first half of 1936. Inasmuch as all releases are as a rule made through this city, figures for Oslo are believed to show the trend for the entire country.

COPYRIGHT RELATIONS-

Copyright relations, with legal rights and restrictions, are specified in the royal decree of July 1, 1905, as amended by the decrees of April 9, 1910, and June 14, 1911.

PRODUCTION-

So far, in 1936, no Norwegian pictures have been produced, but there is a possibility that the only picture now being made, Morderen Uten Ansikt (The Murderer Without a Face) will be finished and released during 1936. The A/S Merkur Film has been organized for the purpose of producing this film, and it is the intention of the company to produce another picture if that mentioned above proves to be a success.

TAXES-

There has been no change in the taxes levied on foreign films, 10 percent of the gross receipts being collected as in the past. Films of Norwegian production are taxed 5 percent.

THEATERS-

There are at the present time 240 motion picture theaters in Norway. It is expected, however, that this number will gradually increase as the popularity of "neighborhood" theaters becomes more apparent. This is, of course, particularly true in the suburbs of Oslo, most of which do not boast of their own movie. During 1936 a few districts near Oslo have built small motion-picture theaters which are of course most popular with the younger generation. As in the United States, these houses usually show second-run pictures.

The rental of first-run foreign films remains at 30 percent of the gross receipts; and films produced in this country, at 40 percent. Second-run foreign films are rented at 28 percent of the gross receipts and Norwegian at 33 percent as heretofore.

SOUND-

All of the 240 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,425,334 ft.	\$29,741
Negative sound	1,893 ft.	\$19
1936 - (First 10 months)		
Positive sound	1,198,036 ft.	\$23,104
Negative sound	---	---

PALESTINE

LEGISLATION-

None in Palestine.

CENSORSHIP-

Censorship is very strict. The Central Censorship Board, appointed by the High Commissioner, consists of nine members, including the District Commissioner, Jerusalem District, as chairman; representatives of the Inspector General of Police and Prisons, of the Director of Education and of the Chamber of Commerce; the Assistant District Commissioner, Jerusalem District; an assis-

tant secretary from the Chief Secretary's Office, and the Government Welfare Inspector.

No film may be exhibited without first obtaining the required governmental authorization. The fees, prescribed by regulation, are:

For news films or advertisements, LP.0.100 each.*
For other films, LP.1.000 each.

A fee is prescribed of LP.0.250 payable to each member for each film reviewed. This fee, however, is paid by the Government itself.

* Rate of exchange as of December 12, 1936, \$4.90. Palestine pound is the same as the pound sterling of Great Britain.

COMPETITION-

American, Austrian, English, Russian, Czechoslovak, French, Polish, Egyptian, and domestic.

COPYRIGHT RELATIONS-

Separate agreement between United States and Palestine dated September 29, 1933.

PRODUCTION-

There are three Jewish companies: one produces news reels with text in Hebrew and English, two produce sound pictures in Hebrew.

TAXES-

The Government fees for the issuance of a license to operate a theater or cinema are as follows:

Annual license:

Seating capacity 1 to 100, LP.10; 101 to 200, LP.20; over 200, LP.30.

Occasional License:

All classes, LP.0.500 per day.

The Government imposes a revenue tax on all theater and cinema tickets varying according to the price of the ticket, as follows:

Revenue duty on tickets of 50 to 99 mils, 5 mils; 100 to 200, 10 mils; 200 to 500, 20 mils; 500 to 1,000, 30 mils; 1,000 and up, 50 mils.

The city of Tel Aviv is the only Municipality in Palestine imposing a municipal tax on theater or cinema tickets. This tax (which is, of course, in addition to the Government tax) also varies according to the price of the ticket, as follows:

Municipal tax on tickets from 1 to 50 mils, 2 mils; 50 to 85, 4 mils; 85 to 125, 8 mils; 125 to 150, 16 mils; 150 to 200, 24 mils; 200 to 250, 34 mils; 250 to 450, 50 mils; 450 to 1,000 100 mils.

THEATERS-

Twenty-eight. (One in Trans-Jordan).

SOUND-

All of the 28 theaters are equipped for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	529,140 ft.	\$9,152
Negative sound	245 ft.	\$25
1936 - (First 10 months)		
Positive sound	241,976 ft.	\$3,981
Negative sound	---	---

PANAMA

LEGISLATION-

Panama has no contingent laws, decrees, etc., inimical to American films. If American films could be imported and exhibited in all other markets as easily as in Panama, film producers would have very little trouble.

CENSORSHIP-

Film producers and distributors have little to worry about regarding Panamanian censorship laws. In reality there is no federal censorship law. The Administrative Code, articles 1221 through 1237, regulates public performances, but no mention is made of censoring motion picture films nor is there any federal censorship committee in existence. In practice, the censorship committee for the City of Panama more or less acts for the entire Republic. As a rule if the Panama City authorities pass a picture it is accepted

throughout the country. Municipal Law No. 38 of 1928 provides for the creation of a censorship committee.

The Canal Zone does not have a censorship committee. Every picture permitted to be exhibited in the United States is shown in the Canal Zone. Both the Army and Canal Zone theaters have a clause in their contracts whereby they may eliminate certain parts of any film if deemed advisable. Panama, like all other Latin American countries, is extremely sensitive about any picture or news reel that tends to discredit its national honor.

COMPETITION-

American films are popular and are in the greatest demand. An occasional German, Mexican, and English film is exhibited, and those of the better type are fairly well received. Spanish pictures made in Spain, and Argentine pictures have found favor with Panama audiences.

COPYRIGHT RELATIONS-

All copyrights are paid for in the United States before entering Panama.

PRODUCTION-

There are no motion-picture producing companies in the Republic of Panama, and up to the present time no attempt has been made to organize a producing company.

TAXES-

The only Federal Tax on motion pictures is assessed against tickets. Tickets that cost up to 20 cents pay a tax of $\frac{1}{2}$ cent, tickets that cost up to 40 cents pay a tax of 1 cent, and those that cost up to 60 cents pay a tax of 2 cents. All in excess of 60 cents pay a tax of 5 cents each.

Motion pictures produced in a foreign language, and having titles not superimposed in Spanish, pay double the rate quoted above.

Motion picture theaters pay a municipal license tax which varies according to the city, classification of theater, gross income, etc. For example, in Panama City the municipal tax is divided into five categories. First class houses pay a monthly license tax of \$175; second class, \$150; third class, \$100; fourth class, \$50; fifth class, \$40; and sixth class, \$30.

THEATERS-

The Republic of Panama has 23 theaters.

Canal Zone (including Bureau of Playgrounds, Army, Navy, and Y.M.C.A.),
24.

(a) Operated by Bureau of Clubs and Playgrounds, 10.

(b) Army, 10.

(c) Navy, 2.

(d) Y.M.C.A., 2.

The average program of theaters operating in the Canal Zone consists of one feature of seven to eight reels, one 1-reel news, one 2-reel or two 1-reel comedies or some substitute such as a travel or educational short. Programs for first-run houses in the Republic of Panama consist of approximately nine reels. There is usually one 7-reel feature and one 2-reel or two 1-reel shorts.

In the Republic of Panama programs are changed four times each week. The Army theaters in the Canal Zone change seven times each week or once every day. The Bureau of Clubs and Playgrounds changes programs six times each week. Generally speaking, the drawing capacity is rather limited which explains why programs are changed so often, more in particularly in the Canal Zone. In the first-run houses in Colon and Panama City an exceptionally good picture will draw a full house for two and sometimes three days, but in the Canal Zone attendance is always less the second day regardless of the success of the picture.

Admission prices vary considerably. Army theaters charge only 15 cents, except for civilian Government employees, who pay 25 cents. Theaters operated by the Bureau of Clubs and Playgrounds charge 40 cents admission when featuring first-run pictures, on all other occasions the entrance fee is 30 cents. First-run houses in Panama City and Colon, for week day matinees from 1 to 3 p.m., charge 15 cents for children and 30 cents for adults; after 3 p.m. the price is 20 and 40 cents. On Sundays and holidays from 1 to 3 p.m., admission is 20 and 30 cents, whereas third-class theaters charge from 10 to 15 cents.

The Panamanian market is decidedly in favor of American films made in the English language. The Canal Zone represents approximately 50 percent of the market for motion-picture films, and it is natural that American residents prefer American films. Motion picture distributors and theater operators in the Republic of Panama are unanimously of the opinion that the theater-going public objects to seeing American-made films with Spanish "dubbed in". When the sound films first made their appearance, Spanish dubbed in pictures were fairly popular for a short while, but the novelty soon wore off and almost everyone realizes that the majority of the popular American film stars do not

speak Spanish and any attempt to dub Spanish in films is objectionable. Practically every educated Panamanian reads and writes and understands the English language almost as well as an American or Englishman. They have become accustomed to American films produced in the English language and prefer them to a mediocre film made in their own language.

The theater-going public in the Republic of Panama is partial to musicales and social dramas and any type of picture that goes over well in the United States. The same situation is true in the Canal Zone. News reels are exceptionally popular in the Canal Zone and it might be interesting to know that the Army and the Bureau of Clubs and Playgrounds theaters receive news reels about seven or eight days after they are released in New York. Americans residing in the Canal Zone like to keep up with conditions in the United States which explains why the news reels are so popular.

In the Interior, films made in the Spanish language are fairly popular, principally on account of many of the laboring people being unable to read and write. They understand little or no English, and superimposed titles in Spanish do not satisfy this class of patrons. The Interior represents such a small part of the market for motion-picture films that it is hardly worth while for American distributors to compete for it.

SOUND-

All of the 23 theaters in the Republic of Panama, and the 24 theaters in the Canal Zone are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	9,944,990 ft.	\$133,362
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	8,494,873 ft.	\$105,647
Negative sound	8,404 ft.	\$111

PARAGUAY

LEGISLATION-

There is no adverse film agitation in Paraguay, and no quota or contingent laws inimical to the interest of American films are in effect.

CENSORSHIP-

It is understood that there are no censorship laws, but the municipality has the right of censorship if it so chooses. It is seldom that the municipality requests to see a picture.

COMPETITION-

Of the films shown, 95 percent are American.

COPYRIGHT RELATIONS-

There are no copyright relations in Paraguay.

PRODUCTION-

There is no production of films in Paraguay, and there are no studios or producers at present.

TAXES-

Moderate. There is a city tax of 1 peso on each admission; 1 peso is approximately five-twelfths of 1 United States cent. There is also a tax imposed on theaters to receive their licenses.

THEATERS-

There are six theaters in Paraguay.

The average motion-picture program consists of one feature and one or two short subjects such as news reels or comedies. Musical comedies are the favorite type of picture. Almost any type of picture is accepted by the public, with one exception, i. e., drama. There is too much drama in real life in Paraguay, and for that reason dramas receive very little attendance. American stars are preferred, without a doubt, and the language has very little importance. Very few Paraguayans speak any other language than Spanish, and as long as the subtitles are used there is no objection. There is no objection to American stars with native language "dubbed in".

SOUND-

There are six theaters wired for sound.

PERU

LEGISLATION-

There is no legislation affecting the importation of motion-picture film excepting that pertaining to censorship.

CENSORSHIP-

Complaints by importers of films and cinema owners regarding unjust censorship and other irregularities in film legislation in Peru resulted in a decree dated December 27, 1935, supplementing and modifying former ones on this subject. This decree, in turn, has been supplemented by decrees of January 9, 1936, and February 19, 1936.

It is provided that all films (features, shorts and trailers) may be introduced into Peru only through Callao Custom House, and films entering through other ports will be forwarded to the Callao Custom House for clearance. A refund of 50 percent of duties paid will be made on pictures rejected by the Board of Censors. (Decree February 19, 1936.)

According to the new regulations, the exhibition of films will not be allowed unless they have first been approved by an individual censor, a special censorship body called "Patronato Nacional de Censura" and by the Minister of Justice in cases where it may be so decided. This censorship body will be composed of the youngest district attorney of the Lima Superior Court of Justice, who will act as chairman, the Director of Education and three officials representing the Departments of Government and Police, Foreign Affairs, Labor and Social Provision, a member of the Provincial Council of Lima to be appointed by the Council, and the Municipal Inspector of Shows. All of these officials will serve ad honorem. The treasurer of this body will also act as secretary and will submit his accounts monthly to the Department of Justice which will in turn pass them on to the Government for approval.

The Film Censorship Office will depend directly from the Director of the Department of Justice, and will have its own staff, according to provisions contained in the Budget. The Patronato will depend from the Minister.

Censorship duties at the rate of 3 centavos per meter will be collected on sound films and 20 soles for films not exceeding 500 meters in length. These charges have been in effect since 1930. Silent films will pay 2 centavos per meter and 10 soles for films under 500 meters.

Other articles of the decrees cited, regulating the censorship of films, provide that shows will be classified as follows: Proper for adults (adultos); young women (senoritas), and children (menores). The term "menores" is used to designate children of both sexes under 18 years of age; "senoritas" for young women of more than 18 years, and "adultos" for men above 18 years.

Children under 18 years shall not be admitted to shows considered improper. One classification is "not recommendable for girls". This is given on pictures that, while considered appropriate, are not recommended for young ladies. Another classification is "appropriate for boys and girls over 15 years". These last two classifications are contained in Supreme Decree of February 19, 1936.

In shows approved for minors it is prohibited to show pictures or trailers which have not previously been qualified as suitable for minors although these be shown merely for advertising purposes.

Boys and girls under 18 years will not be admitted to any show approved only for adults, even though accompanied by their parents.

Penalties for infringement of these articles range from 20 to 1,000 soles, according to the gravity of the offense and the recommendations of police entrusted with enforcement. Outside of Lima censorship will be exercised by Municipal Councils. Members of censorship committees will have free entry to all cinematographic shows.

A ministerial resolution, dated January 3, 1936, stated that the special function of Peruvian censorship is to scrutinize the morality of cinematographic shows throughout the Republic, prohibit exhibition of immoral, anti-nationalistic, and other pictures which may incite crime or delinquency or which may injure the dignity of foreign countries. The resolution also provides that the Censorship Board shall meet fortnightly, the attendance of one-half of its members being necessary for a quorum. Extraordinary sessions may be called by the President whenever deemed necessary or by two of the members if they request it. Decisions will be arrived at by the majority of attending members. In case of a tie the vote of the president will count as two votes.

The Board will study all applications for reconsideration from film agents and exhibitors when these are not satisfied with the censors' decision; it will pass upon claims or appeals from fines imposed for infringements of present regulations. A committee composed of members of the Board will act upon applications for reconsideration, review the film, and render a decision from which no further appeal can be made. The same applies to reconsiderations of fines exacted. The Board of Censors has the power to adopt measures for improving its operation providing such measures are not opposed to existing regulations. It may also submit recommendations to the Government respecting its functions as experience may dictate.

Correspondence and applications requesting action of the Board shall be sent with the film to be reviewed one week in advance. The Peruvian Board of Censors has no projection facilities of its own. Pictures are screened at distributor's release house. The Board will review all films in chronological order of receipt, advising exhibitors the day and hour their film will be reviewed. News reel, animated cartoons, and instructive films will receive priority, that is, they will not have to be forwarded in advance or taken in turn. Other duties assigned to various members of the Board include the maintenance of proper records, preparing weekly programs of films to be passed upon checking film footage, and regulation of inspectors.

COMPETITION-

Motion-picture competition which was 90 percent American less than a year ago is now estimated at 70 percent American in playing time and 80 percent of pictures exhibited. Dominance of the Peruvian cinema market by American productions is said to be threatened by Mexican, Argentine, and European films. "Help Me to Live" (Ayudame a Vivir), an Argentine feature now being exhibited in second- and third-run theaters of the capital district is said to have grossed over \$4,000 in 3 days, which sum exceeds returns for the same period on several leading American features advertised and advanced in the best manner possible before and during showing.

It is now clear that in Peru American pictures are losing ground daily. Most Peruvians prefer pictures in their own tongue and the Mexican and Argentine pictures, as poorly executed as they are, "reach the soul", as the expression goes, of the bulk of the population in both language and plot, whereas, Spanish pictures featuring Mojica, produced in the United States are really American type dramas.

Nevertheless, distributors of American films are confident of holding the lion's share of the trade with present stars and features.

COPYRIGHT RELATIONS-

Inter-American. Copyright Convention at Buenos Aires, August 11, 1910. Ratified July 13, 1914.

PRODUCTION-

One film was produced during 1936. No studios exist in Peru.

TAXES-

Municipal license tax; duty on film, 10 percent of admission tickets, and censorship tax of 3 centavos per meter on sound films, 20 soles for films not over 500 meters in length.

THEATERS-

There are 200 theaters in Peru, including 15 portable equipments. Total seating capacity, 100,000. There are now 65 theaters operating in the Lima-Callao district; there were 57 in 1935. A few theaters are closed; estimated number, 10. Six new theaters are in construction.

SOUND-

There are 180 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,653,753 ft.	\$45,036
Negative sound	910 ft.	\$90
1936 - (First 10 months)		
Positive sound	2,594,896 ft.	\$43,212
Negative sound	2,530 ft.	\$31

PHILIPPINE ISLANDS

LEGISLATION-

A municipal ordinance prohibiting first-run theaters from selling standing room was declared unconstitutional and is no longer effective. The city of Manila has passed an ordinance covering storage of films, with which most of the companies will have some difficulty in complying, if it is strictly enforced. The only feature of this ordinance likely to cause trouble is a requirement that vaults containing motion pictures must be supported by masonry or steel of sufficient strength to carry the load safely, and that beams shall rest at both ends on steel girders, iron or steel columns, or walls or piers of masonry. The supports shall not be used for foundation walls, nor for walls of other than the top vault where vaults are superimposed.

Film companies maintain that this is not necessary and that it would require putting up new buildings to contain their vaults. So far, it has not been strictly interpreted and will probably be amended.

CENSORSHIP-

The Philippine Board of Censors reviewed 1,976 films, having an aggregate length of 5,588,082 feet, in 1935. In 1934, only 1,909 films were reviewed, but the footage was 5,754,268 feet. Of the films reviewed in 1935, 1,820 were American, 23 Filipino, 48 Chinese, 18 Japanese, 3 British, 7 Spanish, and 3 from New Zealand. No film was entirely disapproved. Of the films reviewed, 1,972 were approved without any cutting, and the remaining 4 were cut 1,377 feet.

COMPETITION-

The films are 92 percent American.

COPYRIGHT RELATIONS-

United States Copyright Relations.

PRODUCTION-

There were 15 feature-length films to be produced in Tagalog in 1936. One feature film in English with several scenes in color, for world distribution. Also a few short subjects.

TAXES-

Municipal taxes on theaters vary, the highest being P1,800 per year for a license for a first-run theater in Manila. A bill has just been passed (but not yet signed by the President) imposing a 5 percent tax on admissions over 40 centavos.

THEATERS-

There are 211 theaters in the Philippine Islands.

SOUND-

There are 148 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	3,970,288 ft.	\$80,351
Negative sound	1,600 ft.	\$53
1936 - (First 10 months)		
Positive sound	3,544,502 ft.	\$81,933
Negative sound	31,822 ft.	\$502

POLAND

LEGISLATION-

Existing restrictions include the general import and foreign exchange controls, which went into effect during the late spring and which include small charges for the filing of applications for import permits; an exhibitors quota requiring cinema owners to reserve 10 percent of their screen playing time for domestic features, if available, and a revised entertainment tax, eliminating reduced taxes for foreign films qualifying as of "artistic" or "educational" value, both of which became effective as of August 24, 1936.

In connection with the general import control in Poland, foreign films were put on an import contingent basis. A global quota of 5,800 kilos was fixed for 1936, with the different importers receiving allocations in proportion to their average imports during 1933, 1934, and 1935. In cases where

importers would not derive sufficient product on this basis to warrant the existence of their exchanges, which particularly concerned new companies, the appropriate authorities agreed to make necessary readjustments by deductions from other companies more advantageously situated.

CENSORSHIP--

Early in 1936, the Polish censorship materially sharpened its regulations whereby, it was announced, producers should neither produce nor distributors import film subjects including class struggle, riots of a revolutionary tendency, misery as a means for agitation, Russian background, or gangster and certain mystery sequences.

Slight charges are levied for censor costs.

COMPETITION--

Distribution, based on trade statistics, for 1935 and the first half of 1936, was as follows:

Country	1 9 3 5			First 6 months, 1936		
	Number of features	percent	Number of shorts	Number of features	percent	Number of shorts
United States	145	56.4	283	70	66.0	105
Austria	28	10.9	1	9	8.5	1
Germany	25	9.8	---	9	8.5	2
Poland	15	5.9	98	7	6.7	32
France	12	4.7	1	6	5.7	---
England	12	4.7	---	3	2.8	---
Russia	6	2.4	2	---	---	---
Czechoslovakia	4	1.6	---	---	---	---
Switzerland	3	1.2	1	---	---	---
Denmark	1	*	---	1	0.9	---
Italy	1	*	---	---	---	---
Hungary	1	*	---	1	0.9	---
Palestine	1	*	1	---	---	---
Mixed	3	1.2	51	---	---	26
Totals	257	100.0	438	106	100.0	166

* Less than half of 1 percent.

COPYRIGHT RELATIONS--

No changes occurred in the copyright law, full legal protection being granted foreign authors.

PRODUCTION-

There were 15 features, 98 shorts, and 1 dubbed version of an Austrian-made feature turned out locally during 1935, while 7 features and 32 shorts were produced during the first half of 1936.

Studios

<u>Name</u>	<u>Location</u>	<u>Condition</u>	<u>Type of Recording Apparatus</u>	<u>Number of</u>	
				<u>Stages</u>	<u>Wired</u>
Falanga	Warsaw	Wired	Tobis-Klangfilm		2
Sfinks	"	"	British Acoustics		1
Polska Akustyka*	"	"	" "		1

* This studio is equipped for dubbing.

TAXES-

On August 24, 1936, there was published in Journal of Laws No. 64, Item 464, an ordinance of the Minister of Interior, dated August 14, 1936, issued in agreement with the Minister of Finance and dealing with communal taxes on the public exhibition of films. The avowed aim of the ordinance is to simplify the taxation procedure, to maintain unimpaired this source of revenue, and finally to promote the Polish film industry.

The revised regulations provide for a new classification of films, reduced tax rates on films produced and dubbed in Poland, or when stamped by the censors as "Polish theme", the substitution, in the case of small towns and villages, of a turn-over or lump tax for the system of supplements on prices of admission, and exemption from taxation of certain new picture houses for a period of 5 years from their opening.

	<u>General tax</u>			<u>"Polish theme" tax</u>		
In Warsaw	60% of admission price			5% of admission price		
Cities with population over 10,000 except Warsaw	35%	-	-	3%	"	"
Cities with from 25,000 to 100,000	25%	"	"	3%	"	"
Cities with from 10,000 to 25,000	15%	"	"	3%	"	"

Cities of less than 10,000 A general tax not to exceed 4% of total turn-over.

Exhibitors qualifying under the 10 percent quota are eligible for rebates on normal taxes paid for films of non-Polish origin and those stamped "Dubbed in Poland". Other tax concessions are made for the playing of domestic product, long and short, except news reels; while tax reductions are made during the period May to August.

The following rates, plus 10 percent for customs expenses, are charged (American exports enjoy conventional rates where they exist):

	Conventional	Autonomous
	<u>Rate</u>	<u>Rate</u>
	(zlotys per kilo)	
Negatives	80	200
Positives	110	200
(Samples for local printing are admitted duty free, under bond)		
Rawfilm	5.50	10
Advertising material:		
Stills	---	8.50
One-colored posters	---	2
Colored posters	---	6
Mats	60	80

There are no laboratories for printing color positives, so the regular positive rates are applied for each print of a film imported. An appeal has been made to the authorities for special concessions in these cases.

THEATERS-

In the vast majority of cases, films are distributed through three exchanges in Poland, Warsaw, Katowice and Lwow (formerly Lemberg), in which there are 657 cinemas wired for sound and 36 cinemas without sound.

The total number is divided as follows:

Warsaw Zone

Total wired, 402.

Total unwired, 25; with the wired houses situated in principal cities as follows:

	<u>Population</u>	<u>Number of cinemas</u>
Warszawa (Warsaw)	1,200,000	64
Lodz	605,000	30
Poznan (Posen)	247,000	14
Wilno (Vilna)	196,000	8
Bydgoszcz (Bromberg)	117,500	6
Czestochowa	117,500	5
Lublin	112,000	6

Katowice Zone

Total wired, 149.

Total unwired, 4; with the wired houses situated in principal cities as follows:

	<u>Population</u>	<u>Number of cinemas</u>
Krakow (Cracow)	220,000	13
Katowice (Kattowitz)	120,000	7
Sosnowiec	110,000	7
Chorzow	100,000	5

Lwow Zone

Total wired, 106.

Total unwired, 7; with the wired houses situated in principal cities as follows:

Lwow (Lemberg) Population 320,000, 22 cinemas.

SOUND-

There are 657 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	763,140 ft.	\$22,187
Negative sound	389,205 ft.	\$21,945
1936 - (First 10 months)		
Positive sound	288,835 ft.	\$7,183
Negative sound	423,633 ft.	\$19,332

PORTUGAL

LEGISLATION-

There has been no special legislation since 1935 when local producers of motion-picture films obtained from the Government exemption from customs duty on all imports of machinery, apparatus, and material for the industry until June 4, 1937.

CENSORSHIP-

There has been no change in the censorship of motion pictures exhibited in Portugal. Legislation on censorship is contained in Decree No. 13,564 (articles 133 and 135), dated May 6, 1927.

Motion-picture censorship, exercised in Portugal by the "Inspeccao dos Espectaculos", Ministry of the Interior, has caused distributors little difficulty. However, due to the militant antagonism of the Government toward communism, and to the conservative catholicism of most of the people, films which are of a communistic or antireligious nature are very likely to meet with disapproval.

COMPETITION-

American films continued to dominate the local market during 1936, and again accounted for more than 50 percent of the total distribution. Other leading suppliers were France, Great Britain, and Germany.

COPYRIGHT RELATIONS-

Under Governmental Proclamation of July 20, 1893.

PRODUCTION-

During the year 1936, two 10-reel sound feature films were completed by Portuguese companies, and production was commenced on two others, scheduled to be completed in 1937. "O Trevo das Quatro Folhas" (The Four-Leaf Clover), produced by Tobis Portuguesa at a cost of approximately 2,200,000 escudos (about \$99,000), was released in June and was exhibited for 2 months at one of the leading theaters in Lisbon. It is understood that the film was not a financial success.

The film "Bocage" (concerning the life of a popular Portuguese poet by that name) was released on December 2, and is still being exhibited at a leading theater in Lisbon. The cost of production is estimated to have been 2,500,000 escudos (\$102,500), including a Spanish version.

"Cancao da Terra" (The Song of the Earth) under production by Continental Filmes Lda., at an estimated cost of 700,000 escudos, and "Revolucão de Maio" (The May Revolution), being produced by the Government Bureau of Propaganda, at an estimated cost of 1,200,000 escudos, have not yet been completed, but are scheduled for release in 1937. Indoor scenes and sound effects of all Portuguese films are taken at the Lumiar Studios of Tobis Portuguesa, the only sound studios in Portugal.

TAXES-

There were no changes in taxation during the year, but the Government still has under consideration the petition of the Portuguese Industrial Association, presented in 1935, requesting the use of box office receipts rather than seating capacity as a basis for taxation. It is reported that the Government will probably act favorably on this proposal.

THEATERS-

There are 210 motion-picture theaters in Portugal.

SOUND-

There are now 180 theaters wired for sound in Portugal, 10 installations having been made during 1936.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,360,324 ft.	\$36,236
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	1,127,664 ft.	\$30,475
Negative sound	7,659 ft.	\$534

PUERTO RICO

LEGISLATION-

There is no legislation affecting the importation of motion-picture films.

CENSORSHIP-

There are no censorship laws in Puerto Rico and no laws prohibiting minors from admission to motion-picture theaters.

COMPETITION-

Of the films shown, 99 percent are American.

COPYRIGHT RELATIONS-

There are no copyright relations in Puerto Rico.

TAXES-

Very high. The following taxes are paid by theaters: income, excise tax on posters, insurance for employees, and municipal excise tax based on volume of business.

THEATERS-

There are 100 theaters on the island of Puerto Rico, 92 of which are now open. The combined seating capacity of these theaters totals 53,694 and the average cost of admission is 15 cents per seat. Theater programs usually consist of a feature and a short subject. First-run houses change their programs three times a week while other houses change them daily.

The favorite types of picture are the sentimental dramas and musical-comedy films. American stars are preferred, and English speaking films with super-imposed Spanish titles, and not the Spanish dubbed films, are the favorites.

SOUND-

There are 92 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1936 - (First 10 months)		
Positive sound	2,437,255 ft.	\$51,694
Negative sound	36,035 ft.	\$889

RUMANIA

LEGISLATION-

Although there have been certain deviations and alterations in the foreign-trade regime adopted by Rumania on December 1, 1935, its general framework and objectives remained the same, namely, the expansion of exports and the contraction of imports, the latter to be achieved through limiting by article and country of origin the goods which may enter the country. As a part

of the regime of restriction there also should be mentioned the exchange premium, since December 1935, of 38 percent, charged by the National Bank of Rumania on all foreign exchange released for paying commercial debts abroad.

For a time in 1936 films and advertising materials could be imported outside the framework of the import quota system through the utilization of extraordinary compensation trading (barter) permits, but by a Journal of the Council of Ministers of November 6, 1936 (No. 2,377), such operations are to be terminated on February 1, 1937, except for certain goods considered of economic necessity among which films and advertising materials are not included.

On the other hand, importing films and advertising materials under the normal quota permit system has been somewhat easier during 1936, and local distributors appear to feel fairly optimistic for the future.

The greatest problem yet unsolved is the transfer of old commercial debts which accumulated before 1935 and which are considered as arrears. Except in the case of countries with payment agreements, arrears payments are not permitted to burden current trade. In fact the National Bank appears to be waiting until it has a favorable trade balance with the United States before making any effort to liquidate such arrears due there. Some of these old debts have been liquidated through the costly and illegal black market but considerable sums are understood to be still awaiting transfer.

CENSORSHIP-

Control over moving pictures is exercised in the name of the State by the "Commission of Control and Censoring of Moving Pictures" composed of 16 members nominated by the Ministry of the Interior and appointed by royal decree for a period of 4 years. A new regulation governing the censorship of films in Rumania, replacing the regulation issued on February 8, 1934, entered into force on April 30, 1936 (Royal Decree No. 971 of April 27, 1936). The principal change was the transfer of control over motion pictures from the Ministry of Public Education to the Ministry of the Interior, Office of Radiophonic and Cinematographic Emissions. On October 14, 1936, through Royal Decree No. 2233, motion-picture control was transferred again, this time to the National Tourist Office, another dependency of the Ministry of Interior. Although the tenure of the members of the Board of Censors is for a term of 4 years, this provision is not strictly observed. A new board of censors, replacing a board appointed for a period of 4 years on January 18, 1936, was named by Royal Decree No. 2233 of October 14, 1936.

According to article 12 of the new regulation, films submitted for censorship are to be divided into three categories:

(a) Diverting films -- those which tend to amuse the public with subjects taken from novels, stories, theater plays, special cinematographic scenes, etc., with contents which neither have the faults enumerated for injurious films nor contain in their entirety the qualities indispensable for classification as educational films.

(b) Educational films -- those which through their type and their portrayal contribute to general instruction or education, under any forms, such as: historical films, with subjects taken from historical events with instructive contents representing with truthfulness historical facts; geographical pictures of general interest, including ethnological subjects; films popularizing science and technology; films with special educational subjects, such as hygiene and prevention of social diseases, social foresight and economy, development of the spirit of sportmanship, expansion of understanding of art, etc.; national and international events of general interest; and cinematographic scenes which combine artistic execution with a moral and educational background (art. 19 of the regulations).

The fact that a film is made of a famed opera devoted to history, literature, epic or dramatic art does not absolutely earn for it the qualification of "cultural" or "educational", if by vulgarization the presentation is exaggerated and in bad taste, and if historical episodes or works of literary or theatrical fame do not possess cultural and educational attributes.

(c) Injurious films: Those which are held to present real or fictitious life in such a way that they contribute to the perversion of the audience and constitute an incentive, even involuntary, to actions detrimental to public order. Such films are those which present criminal actions of a nature to initiate the audience in the technique of delinquency and the school of crime; political actions against public and social order, especially those which feature enemies among the categories of citizens or which suggest disregard of the laws; actions which may conceal propaganda against the structure, unity, or integrity of the State and the political and moral basis on which it is built, whether it be campaigns directed openly against the country and the Rumanian people, or an attempt is made to present in an exaggerated manner the qualities of other States and peoples with an evident tendency to suggest disadvantageous comparisons with Rumania and its people; episodes which may hurt the honor of the country or which by giving offense to other nations, may give rise to conflicts with other States; actions of a nature to kindle hatred and dispute against other peoples or countries; scenes which may weaken the faith of the Nation in its energies and abilities or in the leaders of the State, diminishing the respect due from citizens towards supreme holders of power of the State; subjects which would diminish or mock the fundamental institutions of the State, satirizing, outraging the Monarchy, Church, Justice, Army, or School, even when the mockery or offense does not refer to conditions in Rumania but which results in weakening sentiments and obligations of the citizens towards those institutions; actions containing pornographic scenes,

obscene episodes of night clubs and taverns, disgusting images of debauchery and vice and, in general, any scenes of a nature to injure the morals of society and the standing discipline of the family; scenes of brutality, torture, and terror which, through their violence, may produce nervous shocks in the audience; pretended historical films, the contents of which are evidently exaggerated, the deformity of the historical truth serving visibly to injure public institutions of the State or tending to inspire revolutionary instincts.

It should be noted that article 41 of the new regulation, although upholding the right of the Minister of the Interior, or the Under Secretary of State or Secretary General of this Department acting for him, to suspend or even cancel an authorization for reasons of public interest, does not give them the right to issue exhibition permits for films which have been refused authorization by the Board of Censors. This limitation was intended to end interventions in favor of banned films by influential politicians or others. The Board of Censors may approve the exhibition of a film after it has been cut or changed in accordance with its dictates. Titles, texts, posters, and programs are also to be carefully censored by the Board of Control. The title and the written texts, as well as advertising posters and the printed programs, must be in the Rumanian language. This eliminates the use of Hungarian or German subtitles and superimposed titles on American films. Another interesting provision is that children under 16 years of age may attend only educational programs or programs of diverting films specially approved for children. While the previous regulation required the exhibition of educational films only, prior to 8 p.m. every Sunday and holiday, this provision in fact has never been respected because of the shortage of such films, and the new regulation omits this requirement but provides that on Sundays, only educational films must be exhibited prior to 1 p.m.

Authorization is granted to the film and not to the person presenting it. Once approved, a film retains the authorization regardless of who is in possession of it. The authorization is granted for a period of 3 years from the date of issue. If it does not contain special restrictions for certain regions, it is good for the whole country. The validity of the authorization is subject to the careful observance of all details mentioned in the final decision of the Commission.

Local distributors are complaining against the attitude of the censors toward certain categories of pictures, which, although of an amusing character, are always rejected. Films portraying gangsters, police, and historical subjects unfavorable to the monarchical regime are refused authorizations.

COMPETITION-

Approximately 80 percent of the films shown are American. The balance are divided among German, French, British, Austrian, and Russian films, in the order given.

COPYRIGHT RELATIONS-

Member of International Union, by Presidential Proclamation on May 14, 1928, President Coolidge issued a proclamation covering copyright reciprocity between the United States and Rumania. No change has occurred during 1936.

PRODUCTION-

During 1936 there was no local production except for shorts and news reels issued by the National Tourist Office in a very irregular manner and of no outside interest. Similarly for the 1936-37 season no production has been planned. The competent Rumanian authorities have tried, in the last 10 years, to establish a local film industry but in spite of all efforts and financial assistance obtained from the Government, the results have been nil. It is realized that the establishment of a national film industry would require large capital which, in view of the impossibility for exhibiting Rumanian pictures abroad on a commercial scale, would have to be supplied by the Government alone. In order to make possible the production of national pictures, (at first educational pictures only) the Council of Ministers issued a decree on May 18, 1934 (Monitorul Oficial May 18, 1934) establishing a national cinematography fund. The local press and the cinematographic circles have often attacked the establishment and the management of this fund. Although collections are estimated to have surpassed 70,000,000 lei, no real steps have been taken toward creating a national cinematographic industry. The annual revenue of this fund is estimated at some 40,000,000 lei. The fact that on October 14, 1936, the management of this fund was transferred to the National Tourist Office indicates that the Government has decided that the fund can be used by the Tourist Office for foreign propaganda work to better advantage than would be the case should a national motion-picture industry be established.

TAXES-

Laws passed by Parliament for establishing the cinematography fund provide a tax of 10 lei per meter for film passed by the censor; 1 leu on each ticket of admission to a motion picture show and a tax of 2.40 lei per meter on films presented for censorship to cover the administrative expenses of the board of censors. Besides these taxes, there is a tax of 1 leu for the municipality and 2 lei for the aviation fund collected on each admission ticket. These taxes are looked on with great hostility by local importers and distributors, but their suppression could not be secured in spite of a very strong press campaign. It is generally believed that these taxes will never be used for the creation of a national industry.

The taxes and expenses which have to be paid by motion-picture exhibitors are as follows: 25 percent of the gross receipts to the State, 25 to 40 percent for film rentals, 10 to 12 percent for publicity and administrative expenses, 1 leu for each admission ticket for the national cinematography fund,

2 lei from each ticket for aviation and 1 lei per ticket for the municipality. In addition, a tax varying from 200 to 6000 lei per month must be paid for musical rights to the Rumanian Composers Association.

Since December 1, 1935, according to the new import and exchange regime, all imported merchandise is subject to a new 12 percent ad valorem tax, which is to be collected together with the other existing duties at the point of entry. An increase in the turn-over tax was also effected on December 1, 1935, by the adoption of new norms for determining average values. It raises the established value" on films from 1,500 lei per 100 kilograms to 2,300 lei at which rate the regular 12.50 percent ad valorem turn-over tax is also assessed.

THEATERS-

There are in Rumania about 350 motion picture halls, 52 of which are located in Bucharest.

SOUND-

Almost all of the motion-picture halls are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,520,842 ft.	\$30,183
Negative sound	7,681 ft.	\$225
1936 - (First 10 months)		
Positive sound	1,505,160 ft.	\$36,766
Negative sound	---	---

SOUTH AFRICA

LEGISLATION-

There has been a complete absence of any legislation on films during 1936. Standards of entertainment are rather high, in fact the trade considers local standards well above the average, and good entertainment is demanded, irrespective of country of origin. There are no quotas or contingent laws on American films.

CENSORSHIP-

No change in the rigid censorship occurred during the year. The censorship board has power to approve or reject a film unconditionally, or subject to a condition that it shall be shown only to a class of persons specified by the board, or after specified portions have been cut. The board shall not approve

any film that prejudicially affects the safety of the State, is calculated to disturb peace or good order, prejudice the general welfare, or be offensive to decency. Invariably decisions of the board are upheld upon appeal. Censorship is so strict that distributors often turn down pictures and news reels that have been passed without trouble in other countries, rather than risk subjecting them to censorship here.

COMPETITION-

There is a natural sympathetic feeling for British films, but the amount shown remains fairly constant at approximately 15 percent of the total. Service by air mail gives British news reels an advantage in timeliness over American news reels.

PRODUCTION-

Local production by African Film Productions is of a high standard, but in the past has been restricted, with several exceptions, to topical and scenic productions that are very well received both here and in connection with publicity work abroad. Gaumont British is about to film "King Solomon's Mines" in South Africa, where their work will most likely be confined to outdoor scenes. African Film Productions will soon start work on an ambitious history of South Africa. It will be a complete South African production. Local production should be benefited by the introduction of films in the schools of the entire country by the Film Division of the Union Education Department.

TAXES-

Taxation has remained as high as heretofore, with the exception that in the Transvaal Province the tax on admissions of 1 shilling and less has been removed. High taxation, prevalent throughout the country, prevents a more rapid increase in the number of theaters, but as indications are that the present prosperity of the country will be maintained, there is not much chance of importations decreasing.

THEATERS-

There are about 300 theaters in South Africa. A new theater to seat 2,000 people is under construction in Durban, and preliminary plans for one are under consideration in Capetown. One of the largest in Johannesburg was opened in the fall of 1936.

SOUND-

There are 250 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	4,419,599 ft.	\$87,395
Negative sound	11,362 ft.	\$959
1936 - (First 10 months)		
Positive sound	3,611,985 ft.	\$70,920
Negative sound	---	---

SPAIN

LEGISLATION-

According to advices the Spanish revolution, more than anything else, prevented the establishing of a quota system on motion pictures in Spain during 1936. The proposed law in part contained the following proposals:

Protection and encouragement of national motion-picture production were the aims set forth in the decree project, which was made known in January 1936, and which was to be submitted to the Council of Ministers, establishing an exhibition contingent and assurance of exportation through the application of "contingents of compensation" whereby acquisition of Spanish films would be obligatory on the part of entities importing nonnational films.

The Consejo de Cinematografica (Motion Picture Council) would be empowered to issue regulations for the enforcement of the decree.

Encouragement would also be given to the development of equipment and film manufacturing activities, and obligatory distribution and showing of educational films would be effected with the object of raising the cultural level.

The importer of foreign films which are not dubbed in Spanish in national studios would be required to assign 12 percent of his gross receipts in Spain to the purchase or production of films entitled to be classed as nationally produced.

Importers of foreign films which are dubbed in Spanish in national studios would be required to similarly devote 8 percent of their gross receipts in Spain to such purchase or production.

In order to obviate the signing of blanket or quota contracts in advance, it is provided that rental contracts shall not apply to more than a single production, the title of which is mentioned in the contract, the production having been shown to the managers of the theaters at a private showing. Rental contracts would be made on an official model of the Ministry of Agri-

culture, Industry, and Commerce, and a separate contract would be required for each theater in which the film would be shown.

A license of importation would be required to be obtained through the Ministry of Agriculture, Industry, and Commerce for the importation of foreign films, and distributors would be obliged to obtain authorization for this from the Ministry to carry on their activities as such, binding themselves to the dispositions of the decree.

The decree project above outlined is an example of a number proposed and supported by as many trade groups. Some would provide for taxes to be levied upon foreign films not dubbed in Spain, a higher exhibition tax for foreign films, a larger import duty on foreign films, but all are as one in proposing the application of a contingent system. The percentage of nationally produced films which would be obligatorily exhibited in return for the right to exhibit foreign films varies, but one suggestion is said to provide for an initial quota of 2 Spanish films for each 10 foreign films.

Ratification of the agreement entered into by exchange of notes between Spain and Peru on films considered "offensive" by either party is made by a decree of May 29, 1936 ("Gaceta de Madrid" of June 3, 1936, page 1989.)

Each government contracts to prohibit the exhibition within its territory of films having reference to the other party and considered "offensive" by the latter. Such films are those considered derogatory or damaging to the prestige of either party. One government considering a film within the above classification as affects itself will petition the other to prevent the exhibition of the "offensive" film within its territory.

CENSORSHIP-

Censorship is officially applied at Madrid in the office of the Director-General of Public Safety. Few films, however, are initiatively barred by the official censor.

Films may be withdrawn on protest of foreign embassies in Madrid and the Civil Governor of each province may ban the showing of a film deemed objectionable on instruction from the Ministry of the Interior.

COMPETITION-

Approximately 50 percent of the films shown are of American make.

Accurate figures on competitive exhibition of foreign films in Spain are officially lacking. Customs statistics give only weight in kilograms of imported films which are subject to a duty of 25 gold pesetas per kilogram net weight when imported from the United States and 15 gold pesetas per kilogram

when imported from France and a number of other European countries. Imports are grouped in customs category No. 692 under the title, "Exposed film negatives or positives".

COPYRIGHT RELATIONS-

The Spanish Society of Authors (Sociedad de Autores) protects the musical works of Spanish authors used in sound films. The fee charged is 3 percent of the total potential seat sale of the theater, i. e., as if every seat were filled.

PRODUCTION-

Production of motion-picture films in Spain during 1936 was greatly curtailed as the result of the construction strike at Madrid and the unsettled political situation. Total full-length film production for 1936, it is estimated in the trade, will total only about 32 to 40 as compared to 50 last year. Capacity of Spanish motion-picture studios is placed at 80 full-length films annually.

TAXES-

On entering the motion-picture field in Spain, an exhibitor finds himself enmeshed by a maze of taxes. The principal State taxes are: The real-estate tax (contribucion territorial), the industrial tax (contribucion industrial), and the workman's retirement (retiro obrero). In the first two cases, appraisals, discounts, percentage taxes, and surtaxes are levied.

THEATERS-

There are approximately 3,500 theaters in Spain.

SOUND-

There are 1,600 theaters wired for sound.

Of the unwired theaters, at least 600 operate irregularly as they are connected with clubs, cafes, etc.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	11,872,221 ft.	\$268,692
Negative sound	601,609 ft.	\$19,277
1936 - (First 10 months)		
Positive sound	5,257,848 ft.	\$105,233
Negative sound	468 181 ft.	\$ 16,616

SWEDEN

LEGISLATION-

There are no quota or contingent laws existing in Sweden on motion-picture films.

CENSORSHIP-

As a rule films showing suicides, terrifying scenes, and other crimes contrary to general law and morals, as well as acting that may have a bad influence, are forbidden. However, there seems to be no hard and fast rule on this subject. Children under the age of 15 years may attend the showing of certain films, only. Each film which is approved for showing is classified as "children permitted" by the board of censors. Films in which murders, robberies, hold-ups, gangster life, etc. appear fall in the "children prohibited" class.

During 1935 the Swedish Film Censoring Bureau examined a total of 5,924 films (including copies) having a length of 4,304,887 meters. Of these, 2,067, with a length of 1,876,538 meters, were American; 3,055, with a length of 1,689,620 meters, were Swedish; and 802 films, having a length of 738,729 meters, were from other countries. Of the total number, 3,378 films, with a length of 906,238 meters, were news reels and so-called nature or travel films, comics, and other "shorts".

During the first 6 months of 1936 (latest available figures) the total number of films (including copies) censored was 2,811, having a length of 2,104,215 meters. Of these, 987, with a length of 976,014 meters, were American; 1,441, with a length of 757,995 meters, were Swedish; and 383, with a length of 370,206 meters, were from other countries. Of the total number, 1,651 films, with a length of 404,954 meters, were news reels and other "shorts".

All pictures, except a few educational and nature films, distributed in Sweden during 1935 and 1936 were with sound.

COMPETITION-

About 50 percent of the films shown in Sweden are of American make.

COPYRIGHT RELATIONS-

Established by Royal Decree No. 381, dated May 30, 1919, and amended by Royal Decree No. 74, dated April 24, 1931.

PRODUCTION-

During 1935, 27 feature films were produced in Sweden. Aktb. Svensk Filmindustri, Stockholm, made 12 feature films in its own studio in 1935, the same number as in 1934. In addition, this company produced a large number of short subjects and news reels during the year under review. The number of feature films made by the other Swedish companies, all of which are located in Stockholm, in 1935, is given below:

<u>Name of Company</u>	<u>Number</u>
Aktb. Europafilm	4
Aktb. Wivefilm	3
Aktb. Irefilm	2
Aktb. Svensk Talfilm	2
Aktb. Triangelfilm	1
Aktb. Anglofilm	1
Aktb. S.B.D.	1
Svenska Aktb. Nordisk Tonefilm	1

TAXES-

During 1935, taxes levied on tickets sold by motion-picture houses in towns and cities in Sweden (for rural districts no statistics are available) amounted to 3,491,717 crowns (today's rate of exchange: Swedish crowns 3.97 to \$1.00 U. S. currency), against 3,050,599 crowns in 1934. The total proceeds from tickets sold in towns and cities in 1935 amounted to 23,278,116 crowns. (This figure is an estimate only as the exact amount cannot be calculated.) Taxes are governed by Royal Decrees of May 30, 1919, No. 256, and July 16, 1919, No. 529, and are levied as follows:

<u>Price of Ticket</u> (Sw. Crowns)	<u>Tax</u> (Sw. Crowns)
0.50	0.05
.50 to 1.00	.10
1.00 to 1.50	.20
1.50 to 2.00	.30
2.00 to 2.50	.40
2.50 to 3.00	.50

THEATERS-

There were about 1,620 theaters at the end of 1935; 1,641 on October 31, 1936.

SOUND-

All of the 1,641 theaters are wired for sound, which was also the case at the end of 1934. The few remaining places in various parts of the country that are not wired for sound, such as lodge halls, etc., but in which moving pictures are shown, do not have regular performances. Approximately 400 of the total number of cinemas in this country operate only from one to three times a week and in several cases the sound reproduction apparatus is transported from theater to theater.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	4,337,197 ft.	\$97,136
Negative sound	17,210 ft.	\$516
1936 - (First 10 months)		
Positive sound	3,458,341 ft.	\$71,814
Negative sound	4,043 ft.	\$79

SWITZERLAND

LEGISLATION-

During 1936 a Committee was appointed by the Ministry of the Interior to look into the feasibility of establishing a domestic film producing industry. The principal advocates of the project were the tourist associations which hoped that a Swiss film industry would help to attract foreign tourists and various local authorities who regarded the project as a means of creating opportunities for employment. The location for this new Swiss film studio to be constructed with the aid of government subsidies, narrowed itself down to Zurich and Montreaux. A sharp dispute between these two cities resulted in the Commission which had advocated the establishing of a large domestic studio to reverse its previous decision that the Federal Government should abstain from granting a subsidy for this purpose "under the present condition". A final decision upon this question will be rendered by the planned Swiss film chamber.

In order to prevent new cinemas from being opened, the Swiss Association of Cinema Owners has put a ban on new members. Since, by agreement with the film rental agencies, only member theaters may rent films, it is practically impossible for a new exhibitor to be certain of a constant supply of films.

CENSORSHIP-

There is no Federal censorship, control being vested in the individual Cantons. While the authorities are generally liberal, restriction is more

marked in the French-speaking section of the country, especially in the Cantons of Valais, Vaud, and Fribourg.

COMPETITION-

Of the films shown, 50 percent are American; German, and recently Austrian films, constitute an important source of competition to American films which still lead all other films on the Swiss market. French films, which rank third in popularity, are also being shown in German-speaking Switzerland in the original version, while Italian pictures are exhibited only in a comparatively small area, chiefly the Canton of Ticino.

COPYRIGHT RELATIONS-

The convention adhered to on June 14, 1934, between the "Societe des Auteurs, Compositeurs et Editeurs de Musique", Paris, and representatives of Swiss cinemas, continues in force. The convention is retroactive to July 1, 1933.

PRODUCTION-

Motion-picture production is limited chiefly to advertising media and educational films, aerial views of the Alpine regions, skiing contests, etc. The leading producer of such short films is the "Praesens Film A.G.", Zurich. Attempts to establish a domestic film industry producing feature pictures have thus far been unsuccessful.

TAXES-

Amusement taxes are fixed by the various Cantons, averaging from 10 to 15 percent of the price of the ticket. The practice of taxing theater tickets has become more widespread during the past 2 or 3 years; at present only the Cantons of Schaffhausen, Glarus, Aarau, and Thurgau do not impose amusement taxes.

THEATERS-

The restrictions against the construction of new theaters have been tightened and, as a result, the number of theaters and their combined seating capacity declined in 1936. There are at present 334 cinemas in Switzerland with a combined seating capacity of 128,800, distributed as follows:

	<u>Theaters</u>	<u>Seating Capacity</u>
German and Italian Switzerland	215	90,500
French Switzerland	<u>119</u>	<u>38,300</u>
Total	334	128,800

SOUND-

There are 328 theaters wired for sound. With the exception of about one-half dozen theaters in small distant localities, all cinemas in Switzerland are equipped for the exhibition of sound films.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	1,391,017 ft.	\$27,566
Negative sound	23,322 ft.	\$818
1936 - (First 10 months)		
Positive sound	983,604 ft.	\$18,691
Negative sound	1,380 ft.	\$138

SYRIA

LEGISLATION-

There is no agitation against American motion pictures. On the contrary they are enjoying increasing popularity.

CENSORSHIP-

News reels are being severely censored, and scenes of the Abyssinian War, Spanish revolution and Fascist or Nazi demonstrations are cut.

Censorship Decree:

Art. 1. No moving pictures shall be produced in the States under French Mandate for public exhibition on paid tickets or invitation without prior authorization from the High Commissioner.

Art. 2. The exportation of moving pictures produced in the States of the Levant under French Mandate shall also be subject to prior authorization from the High Commissioner.

Such authorization shall be given only after exhibition of the picture before the Censorship Commission provided for in article 2 of Decree No. 165/LR of July 30, 1934, and under the conditions stated in that decree.

Any portions of the picture which may be cut by the Commission, shall be kept at the "Direction de la Surete Generale".

Article 2 of this decree affects to a certain extent the activity of an American concern, which has a number of times sent its cameramen to turn out

news reels in Syria. Under this provision, a foreign company can no longer take pictures in Syria and ship its undeveloped negative films, since it has to exhibit them before the Censorship Commission. As there are no up-to-date studio laboratories in Syria, such company would have either to arrange for the local development of its films or to renounce its local production.

Beirut is the only port through which films may be imported. Films may not be cleared from the customs unless a special permit is first secured from the Surete Generale (French Police). A commission established by the French High Commission previews the films censoring them as to morals, public security, respect to religious and races, and political propaganda. The censorship fee is Syrian piaster 0.32 per meter.

COMPETITION-

According to local motion-picture importers, the proportion of American pictures shown during 1936 is approximately the same as during 1935, namely, about 40 percent.

COPYRIGHT RELATIONS-

None.

PRODUCTION-

A Syrian and an Italian have established a motion-picture studio under the name of "Societe de Cinematographie Lumnar". They have produced a sound Arabic picture (Dans les Ruines de Baalbeck), but until now no Syrian screens have shown it. However, a small sketch produced by this company was shown a few months ago in Beirut; the sound was fairly good, but the photography and acting were poor.

TAXES-

The former 10 percent gross receipts tax has been replaced by the following:

Syrian piasters

- 0.60 per seat (occupied or not) at every performance in first-class theaters;
- .30 per seat (occupied or not) at every performance in second-class theaters;
- 0.05 per seat (occupied or not) at every performance in third-class theaters.

This tax is assessed as follows:

In full during the months of January, February, March, April, May, November and December, two-thirds in June and October, none during July, August, and September.

Censorship tax:

35 Syrian piasters per 100 linear meters of silent film;

25 Syrian piasters per 100 linear meters of sound film
In practice, no silent films are now imported.

THEATERS-

There are 24 theaters in Syria.

SOUND-

All of the 24 theaters are wired for sound.

French is the language of the talking films in Syria, although Arabic is the language of the population. However, from time to time English-talking films are shown, but unless the picture is remarkably good, receipts are far less than those of a French-talking picture.

Egypt is reported to have established a modern studio for Arabic talkies. When such films are produced, their success in Syria seems assured.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	465,126 ft.	\$6,586
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	408,579 ft.	\$4,819
Negative sound	---	---

TRINIDAD

LEGISLATION-

Returns from film exhibitors for the year 1935 show that the requirements of the Cinematograph (British Films) Ordinances of 1932 and 1934 have not been complied with. The following approximate percentages of British films shown at Port-of-Spain theaters indicate the extent of failure to comply with the law:

British feature films quota 25 percent - about 5 percent shown.

British shorts quota 25 percent - about 4 percent shown.

The unpopularity of such British films as had been obtainable and the prohibitive cost of the class of British film which could compete with good foreign films are given as the reasons for noncompliance with the law. (* - See last page under Trinidad).

CENSORSHIP-

Public criticism of the existing system has resulted in the appointment, by the Government, of a Board of Censors composed of 10 members. During 1935 there were 8 entire rejections, 16 deletions, and 21 films classed "for adults only". Films were rejected and deleted for the following reasons: predominance of criminal acts; scenes and incidents offensive to religious or national sentiment; riots, murders, and shooting scenes; bedroom and vulgar dancing scenes; drunkenness and immorality scenes, and those depicting gangsters and crooks. One picture was rejected because of inaudibility, and one because of its unsuitability for exhibition in this Colony.

COMPETITION-

Of the films shown, 90 percent are American.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

A small number of local news reels.

TAXES-

No special taxes are imposed on theaters and there is no tax on theater admissions. The exhibitors continue to pay a censorship fee of \$1 for each reel of sound length film up to 1,000 feet, and 12 cents for each additional 100 feet or fraction thereof. This fee also applies to "trailers" (pre-views).

THEATERS-

There are 19 theaters in the Crown Colony of Trinidad and Tobago, British West Indies; 6 in Port-of-Spain, 3 in San Fernando, 1 in Scarborough, Tobago, and 1 each in 8 smaller towns in the Colony.

"Westerns" still rank first with a large percentage of the population, with musical comedies running a close second. Several of the outstanding hits of 1936 have been shown to capacity houses, in many cases with standing room only, and in one or two instances, people were turned away. The bringing in of the higher class of pictures can be dated from the time of the forming of two new companies in Trinidad, which operate a chain of theaters in Port-of-Spain, as well as in the country districts. When the theaters were controlled by one company, the pictures shown were old and the equipment was deplorable.

There are two shows daily at the principal theaters, at 4:30 and 8:30 p.m. The smaller theaters have only a night performance. Several theaters in Port-of-Spain have started a children's program on Saturdays, the first performance at 9 a.m., and the second at 1 p.m., besides the regular matinee and evening programs.

The usual daily program consists of one news reel, either American or British, one short, several "trailers" of coming attractions, and one feature. Programs are changed on Saturdays and Tuesdays, and on one day during the week, usually Thursday, at both afternoon and evening performances, two old features are presented, at reduced prices.

SOUND-

All of the 19 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,177,815 ft.	\$32,555
Negative sound	910 ft.	\$90
1936 - (First 10 months)		
Positive sound	1,193,963 ft.	\$18,621
Negative sound	1,532 ft.	\$19

(*) On December 17, 1936, the Governor issued a Proclamation amending the Cinematograph Ordinance of 1932, in which the following quotas for British films have been fixed:

Annual Period	Percentage of British films to total films exhibited. (Excluding new films.)	Percentage of British news films (including British West India films) to total news films exhibited	Percentage of British West India films to total British news films exhibited.
1937	15	50	10
1938	17½	50	10
Subsequent years	20	50	10

TURKEY

LEGISLATION-

During 1935 attacks were made in the local press against an American concern which was engaged in the production of a film portraying the unfortunate lot of Armenians in Turkey during the World War. These attacks ceased after assurances had been received through official channels from the interested producers that the film would not be released without the approval of the Turkish Ambassador in Washington, D. C. Since this incident there has been no anti-American agitation.

CENSORSHIP-

During the first 10 months of 1936 five foreign films were "cut" and the exhibition of two foreign and one local film was prohibited by the local board of censorship.

At the instance of the Minister of Interior, the Council of Ministers approved on July 29, 1936, Decree No. 2/5092 laying down new regulations for the censorship of motion-picture films and scenarios in Turkey. This law which was published on August 13, 1936, and repeals previous legislation, provides that the Board of Censors shall be composed of a delegate from the Chief of Staff, the Director General of the Press, the Ministry of Interior and the Ministry of Education. It further provides that a re-examination of films approved by the Board of Censors may be ordered if and when any government department or agency objects to the film. In such cases the film is to be revised at Ankara by another board. It also provides that films shall be reviewed at Ankara if, upon an unfavorable decision by the Board of Censors in Istanbul, the interested local exhibitors make an appeal for such revision.

Article 8 of the new law prohibits the projection of the following types of films:

- (1) Films embodying political propaganda of any sort.
- (2) Films vilifying or reflecting unfavorably upon any nation or race.
- (3) Films representing oriental people and countries as being savage or primitive.
- (4) Films contrary to good manners and morals or tending to dishonor the Army.
- (5) Films tending to encourage crime.

- (6) Films containing religious propaganda.
- (7) Films which are in such damaged or worn condition as likely to be injurious to the eyesight.

The law further stipulates that all titles and explanatory matter regarding a film shall be in the Turkish language only and shall be correctly worded and well written.

COMPETITION-

During the first 10 months of 1936 a total of 112 feature sound films were exhibited in Turkey -- 56 American, 27 French, 22 German, 4 English, 2 Austrian, and 1 Russian. Of the 56 American films, 14 were exhibited in the English version, 2 in original French, and 7 were dubbed and exhibited in Turkish. Of the remaining 33 American films, 31 were exhibited in "dubbed" French, 1 in "dubbed" Spanish, and 1 was a silent film. In addition, 52 American news reels in French and Turkish versions were released during the first 10 months of 1936.

During 1936 American feature films, both in the original version and in dubbed French, continued to retain their popularity in Turkey because of the excellence of their direction, scenery, costumes, plots, music, and the renown of their stars.

French films released during the first 10 months of 1936 were again much better than those exhibited in 1934 or earlier and were perhaps superior to those shown in 1935. In consequence they have increased somewhat in popularity.

German musical comedies and operettas continued to retain their popularity. Although the German language is an adverse factor, the majority of German films exhibited during the past 10 months drew good houses.

As has been the case in previous years, films in the English language fail to draw large audiences unless they are feature products of such unusual interest that they tempt the public to disregard the language factor.

During the 10 months of 1936 the patronage of the local public has been prompted largely by the considerations outlined in the foregoing paragraphs. Motion-picture exhibitors report that without any marked change in the preference for films of any particular nationality the public is becoming increasingly particular in its selection of feature films. As has been previously the case, films in the original French version or in dubbed French continue to enjoy a large preference over films in other foreign languages. The fact that the great majority of American feature films released during the past 10 months of 1936 were in original or dubbed French accounts, at least in part, for their dominant position in this market.

The local public continued to show decided preference for good musical-comedy films and for films dramatizing well-known French novels. Increasing interest was also manifested in films portraying well-known historical incidents. Preference for films with a happy ending continues to prevail. Good American "reviews" also continue to draw large houses.

COPYRIGHT RELATIONS-

Turkey is not a signatory of the Berne Convention for the protection of artistic and literary rights, but the principal motion-picture exhibitors in the city of Istanbul have an agreement among themselves whereby they forego the exhibition of pirated films in competition with members of their group who have bought the Turkish rights to a film. It is said that the conditions of this agreement are strictly adhered to and no case of infringement of membership rights has occurred during the past 7 years.

PRODUCTION-

There are two studios in Istanbul equipped to produce sound films. During the year one of the local studios produced a film picturing national scenery, etc. The various authorities, including the Army, are reported to have extended very considerable assistance to the producers of this film, but upon its completion the film did not meet with the approval of the Government and the censorship authorities and its exhibition was prohibited. This prohibition has just been lifted. The preparation of this film is said to have involved 2 years of effort and the expenditure of about \$40,000.

The two local studios dubbed into Turkish during the past 10 months the Gaumont-British film "Chu Chin Chou", the German film "Artisten", and six American pictures.

THEATERS-

In the absence of official statistics or reliable estimates no accurate information is available on the number of motion picture theaters existing in Turkey at the present time. It is believed that there are approximately 121 active motion-picture theaters with a total seating capacity of 46,600 to 48,000, including about 30 provincial theaters exhibiting silent pictures.

SOUND-

There are 93 theaters wired for sound.

The use of sound equipment in provincial establishments is believed to have sustained a fair increase during the first 10 months of 1936. The major portion of sound equipment installed during this year was of German origin.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	649,114 ft.	\$15,573
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	646,640 ft.	\$16,289
Negative sound	---	---

UNITED KINGDOM

LEGISLATION-

The committee appointed by the Board of Trade to consider the question of the renewal or amendment of the Cinematograph Films Act of 1927 issued its report late in November. Its chief recommendations are the continuance of quota, to start with 20 percent for the exhibitors, steadily increasing year by year until, at the end of the 10-year period, 1948, the quota shall be 50 percent; the establishment of a Film Commission to administer the Act and to pass on the quality of all films made for renters' quota purposes, the encouragement by the Government of financing fresh capital for British film enterprises, a separate quota for short films, reciprocal treatment with the Dominions on the subject of film quotas, a change in the definition of what is a British film, the strengthening of the provisions of the present Act prohibiting blind booking and block booking.

The recommendations have not as yet been drafted into legislation. There is much feeling on the part of the renters against the recommendations which provide for such a large quota of British films and before the Act is renewed or amended in the light of the Committee's report further hearings will doubtless be held.

At present quotas are set as follows:

Renters' Quota

Year ending March 31-	<u>Percent</u>
1929.....	7½
1930.....	10
1931.....	10
1932.....	12½
1933.....	15
1934.....	17½
1935.....	17½
1936.....	20
1937.....	20
1938.....	20

Exhibitors' Quota

Year ending Sept. 30-	Percent
1929.....	5
1930.....	7½
1931.....	7½
1932.....	10
1933.....	12½
1934.....	15
1935.....	15
1936.. ..	20
1937.....	20
1938.....	20

CENSORSHIP-

The British Board of Censors consists of four members and a president, the latter being the Right Hon. Lord Tyrrell of Avon. Originally this board was set up by the trade in 1913, but now it is independent of both the trade and the government. The government has never found it necessary to interfere with its activities. The decisions of the British board are closely followed by local "watch or vigilance" committees of city governments throughout the British Isles.

COMPETITION-

During 1936 approximately 217 British feature films were released, divided as follows:

Ace Films Ltd.....	4
Associated Producing & Distribution Co.....	4
Associated British Film Distributors Ltd.....	15
Joseph Best.....	1
British Lion Film Corporation Ltd.....	8
Butchers Film Service Ltd.....	8
Columbia Pictures Corporation Ltd.....	10
Concordia Films Ltd.....	1
Exclusive Films Ltd.....	1
First National Film Distributors Ltd.....	9
Fox Film Co. Ltd.....	11
G. B. Distributors Ltd.....	20
General Film Distributors Ltd.....	16
Leonard M. H. Handley.....	1
International Cinematograph Corp. Ltd.....	1
Mancunian Film Corporation Ltd.....	1
Metro-Goldwyn-Mayer Ltd.....	14
National Provincial Film Distributors Ltd.....	2
Paramount Film Service Ltd.....	17

UNION OF SOVIET SOCIALIST REPUBLICS

LEGISLATION-

The foreign trade of the Soviet Union is a monopoly of the Government. All contracts made abroad for the exportation of goods from that country are made by agencies of the People's Commissariat for Foreign Trade, or under authorization of that Commissariat. Foreign-trade transactions are entered into, as a general rule, through representatives of State economic and commercial organizations authorized to enter directly into foreign-trade transactions under the general supervision of the People's Commissariat for Foreign Trade. In the United States, the principal purchasing and selling agency is the Amtorg Trading Corporation, 261 Fifth Avenue, New York City.

The agency through which motion-picture films are imported and exported is the Intorgkino, Maly Gnezdnikovski Pereulok No. 7, Moscow. The agency in the United States of this organization is Amkino Corporation, 723 Seventh Avenue, New York City, to which appropriate inquiries may be addressed. The Intorgkino, in purchasing foreign films no longer adheres to a policy of exchange to the same degree as before and has purchased several films from foreign firms which have not purchased Soviet films in exchange.

CENSORSHIP-

Very strict.

COMPETITION-

Almost entirely Soviet films, exceedingly few foreign films are being shown.

COPYRIGHT RELATIONS-

None.

PRODUCTION-

The following pictures have been produced and exhibited during the 1935-36 season:

Sound pictures.....	62
Silent pictures.....	30
Pictures instructive in technical hygiene and school subjects:	
Sound.....	20
Silent.....	109
Current events.....	29

Pathe Pictures Ltd.	6
Producers Distributing Co. (U. K.) Ltd	1
Progressive Film Institute Ltd	1
Radio Pictures Ltd.	21
Re-Union Films Ltd.	3
Twickenham Film Distributors Ltd.	7
United Artists Corporation Ltd	11
Universal Pictures Ltd.	6
Warner Brothers Pictures Ltd.	8
Wardour Film Ltd.	9
Total	217

COPYRIGHT RELATIONS-

Copyright Ordinance of 1911 as amended. Great Britain entered into copyright relations with the United States on July 1, 1891, extended April 9, 1910, further extended January 1, 1915. Great Britain is a member of the International Copyright Union at Berne.

PRODUCTION-

There were 217 British films released during 1936. The number of films to be produced in 1937 is extremely doubtful, because of the uncertainty in the trade at the present moment. Trade estimate is in the neighborhood of 225. There are now 26 studios in England, all wired for sound.

THEATERS-

There are 4,950 theaters in England. The building of cinema theaters continues to grow, and it is anticipated that during 1937 there will be an additional 200.

SOUND-

All of the 4,950 theaters are wired for sound. The number of silent cinemas is negligible and is limited to a few showings in temporarily licensed buildings.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	14,269,517 ft.	\$382,012
Negative sound	1,604,836 ft.	\$ 94,380
1936 - (First 10 months)		
Positive sound	13,230,428 ft.	\$351,503
Negative sound	1,505,129 ft.	\$ 69,134

Pictures instructive in military subjects.....	3
Animated pictures.....	1

Intorgkino is not a producing organization. It exports films produced by other organizations operating under the supervision of the Chief Administration of the Motion Picture Industry of the Union of Soviet Socialist Republics.

TAXES-

High.

THEATERS-

Moving-picture theaters of various types in the Soviet Union total 34,990.

SOUND-

There are 2,285 regular theaters equipped for sound films.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	62,052 ft.	\$2,950
Negative sound	8,660 ft.	\$229
1936 - (First 10 months)		
Positive sound	27,226 ft.	\$716
Negative sound	35,699 ft.	\$2,133

URUGUAY

LEGISLATION-

Since the beginning of the year 1936, importers of motion pictures in Uruguay have been granted free controlled exchange (dirigido) without any restrictions.

CENSORSHIP-

None. (The Theater Inspection Department of the Montevideo City Government maintains a censorship board which, however, has failed to function as such for years.)

COMPETITION-

Of the films shown 80 percent are American, and 20 percent foreign. (Argentine, French, German and British.)

COPYRIGHT RELATIONS-

American Copyright Convention held at Buenos Aires August 11, 1910, and ratified July 13, 1914.

PRODUCTION-

Local production is restricted to occasional news reels on local subjects. The amount of films produced locally is considered negligible.

TAXES-

Municipal tax of 6 percent on admissions in Montevideo.

THEATERS-

There are approximately 128 theaters in Uruguay. (It is impossible to obtain official figures.) There are 70 theaters listed in Montevideo with 38,190 seats. (Montevideo figures are considered accurate.) It is difficult to make any estimate for the rest of the country. One firm has prepared a list which shows 58 theaters actually in operation, with 24,510 seats, in other parts of the country.

SOUND-

There are 124 theaters wired for sound. In the interior 54 of these theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,122,791 ft.	\$40,022
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	2,565,045 ft.	\$45,674
Negative sound	1,668 ft.	\$50

VENEZUELA

LEGISLATION-

There are no quota or contingent laws, duties, etc., prejudicial to the interests of American films in Venezuela, nor is there any adverse American film agitation. On the contrary, American films are generally preferred by the public.

CENSORSHIP-

There is no national censorship law in Venezuela. Pictures are supposed to be censored in each State in which they are released, but generally the original censoring in Caracas is sufficient. As a rule, the censorship is not strict so far as morality is concerned, but more so regarding communistic propaganda. Very few, if any, films are refused censorship, and distributors generally cut out voluntarily possibly vulnerable parts of their films.

COMPETITION-

Of the films shown, 91 percent were American in 1935; the remaining 9 percent were distributed between Germany, England, France, and Spanish countries (in the order named).

COPYRIGHT RELATIONS-

American productions enjoy the same copyright protection in Venezuela as local productions, in the absence of a specific copyright treaty with the United States, and in accordance with the provisions of the 1928 Pan American Code of Private International Law, especially articles 1 and 115 of the latter (Venezuelan Official Gazette, Extraordinary Number of April 9, 1932).

The Venezuelan copyright law (Official Gazette of August 12, 1928) makes provision for the copyrighting of motion pictures along with other "Intellectual Property". Such copyright is valid for a period of 10 years. The producer or editor must indicate on each copy: the commercial signature of the company; year of publication; and whether or not registered. For registration, the Registrar of Copyrights must be supplied with the following data: (a) Name, calling, and address of soliciting party; (b) nationality of latter; (c) title of the work; (d) class to which it belongs; (e) name, calling, and address of author or translator; (f) nationality of latter; (g) name, calling, and address of proprietor; (h) nationality of latter; (i) establishment where the impression or reproduction has been made and the procedure employed therefor; (j) place and date of first publication; (k) edition and number of copies; (l) format of the work; (m) size and all other pertinent data for the identification of the work. Five copies must be deposited with the Government.

Article 180 of the same law provides that in copyrighting motion pictures of domestic origin, the registrar of copyrights need only be supplied with: (1) names of artists; (2) title of manuscript of play; (3) place and date of production; (4) a copy of the first and last scenes of each of the parts making up the film.

PRODUCTION-

There is no regular production of motion pictures in Venezuela. There are a few small enterprises making occasional travelogs and news reels, particularly the Laboratorio Nacional in Maracay and Caracas.

TAXES-

There is a Federal amusement tax based upon the number of seats in the theater. Each State may also impose additional direct admission taxes. In Caracas and the Federal District, where all new pictures are first released, a new tax of 10 percent has been levied on the value of entrance tickets, entering into effect on November 1, 1936.

In the new Venezuelan Customs Tariff Law which became effective on October 23, 1936, the import duties on printed cinematographic films were increased from 1.9569 to 2.60 bolivares per gross kilogram. Rates on unprinted films remained approximately the same, while projectors and accessories were increased from 1.9569 to 5.00 bolivares per gross kilogram. The official exchange rate at present is 3.93 bolivares per United States dollar.

THEATERS-

The exact number of theaters throughout the country cannot be determined, for in the Interior, bull-rings and other open-air spaces are used, as well as vacant buildings which may be converted temporarily into a theater. At present there are approximately 111 theaters operating in Venezuela, but this number is not fixed. In the city of Caracas and immediate environs, there are about 35, and in the Maracaibo district, about 20. No silent pictures are shown.

SOUND-

All theaters in Venezuela are either wired for sound or, in the Interior, possess portable sound equipment.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	2,314,514 ft.	\$50,115
Negative sound	1,711 ft.	\$120
1936 - (First 10 months)		
Positive sound	2,135,423 ft.	\$43,194
Negative sound	19,424 ft.	\$977

YUGOSLAVIA

LEGISLATION-

Under the regulations prescribed by the Minister of Commerce and Industry of Yugoslavia, the management and control of production, import, and trade in motion pictures in that country has been placed in the hands of a State Film Central, whose duties will include also the sponsoring of domestic production and the aiding of educational efforts and propaganda for pictures of cultural value.

Registration fees are collected by the Central as follows: (a) For pictures of foreign origin for amusement, as well as for advertising all films, an amount corresponding to one-half of the censor fees; (b) for all cultural pictures and domestic pictures, one-fourth of the censor fee. In effect, registration fees will amount to approximately \$8 for each American feature brought on the Yugoslav market.

Theaters are obliged to show at every performance one or more films of a cultural nature. They must also show domestic pictures of at least 5 percent of the total length of programs shown quarterly. For theaters giving daily shows and which change programs less than six times monthly, this percentage is increased to 10. To ascertain whether these obligations have been fully complied with, the Central will issue forms that cover each performance. For these forms one dinar is charged.

For purposes of control over the importation of and the traffic in films, the film enterprises will submit for registration and confirmation the original agreements and invoices covering films purchased abroad.

The registration of such agreements will be made by the State Film Central on special forms issued for that purpose. The film enterprises, together with the original agreements, will submit the above forms in which they will record a brief summary of the agreements. Each form must bear the seal and responsible signature of the enterprise. The State Film Central will keep these forms in its files for checking purposes.

The State Film Central will collect for these forms 25 dinars each for films up to 60 meters in length, and 50 dinars each for films exceeding that length.

CENSORSHIP-

The Yugoslav censorship of moving-picture films is, for political reasons, very strict. This censorship is in the hands of the Ministry of Commerce and Industry, control of the State Film Central having been transferred to that Ministry.

COMPETITION-

Of the films shown, 65 percent are American.

COPYRIGHT RELATIONS-

There are no copyright relations with the United States.

PRODUCTION-

There were 100 films, consisting of cultural, news and advertising features, produced during 1935.

TAXES-

A special tax is assessed on films imported or produced in the country, as follows: (1) On cultural films, 1.50 dinars per meter; (2) on other films, 3.00 dinars per meter. Films produced in the country pay one-half of the above taxes until the expiration of the term of 10 years, following which, presumably, they will be taxed as imported films.

For the examination of films, either foreign or domestic, 0.45 dinars per meter, and for other expenses, 0.10 dinars per meter, aggregating 0.55 dinars per meter.

THEATERS-

There are 318 theaters in Yugoslavia.

SOUND-

There are 263 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	819,393 ft.	\$18,256
Negative sound	---	---
1936 - (First 10 months)		
Positive sound	625,936 ft.	\$11,729
Negative sound	---	---

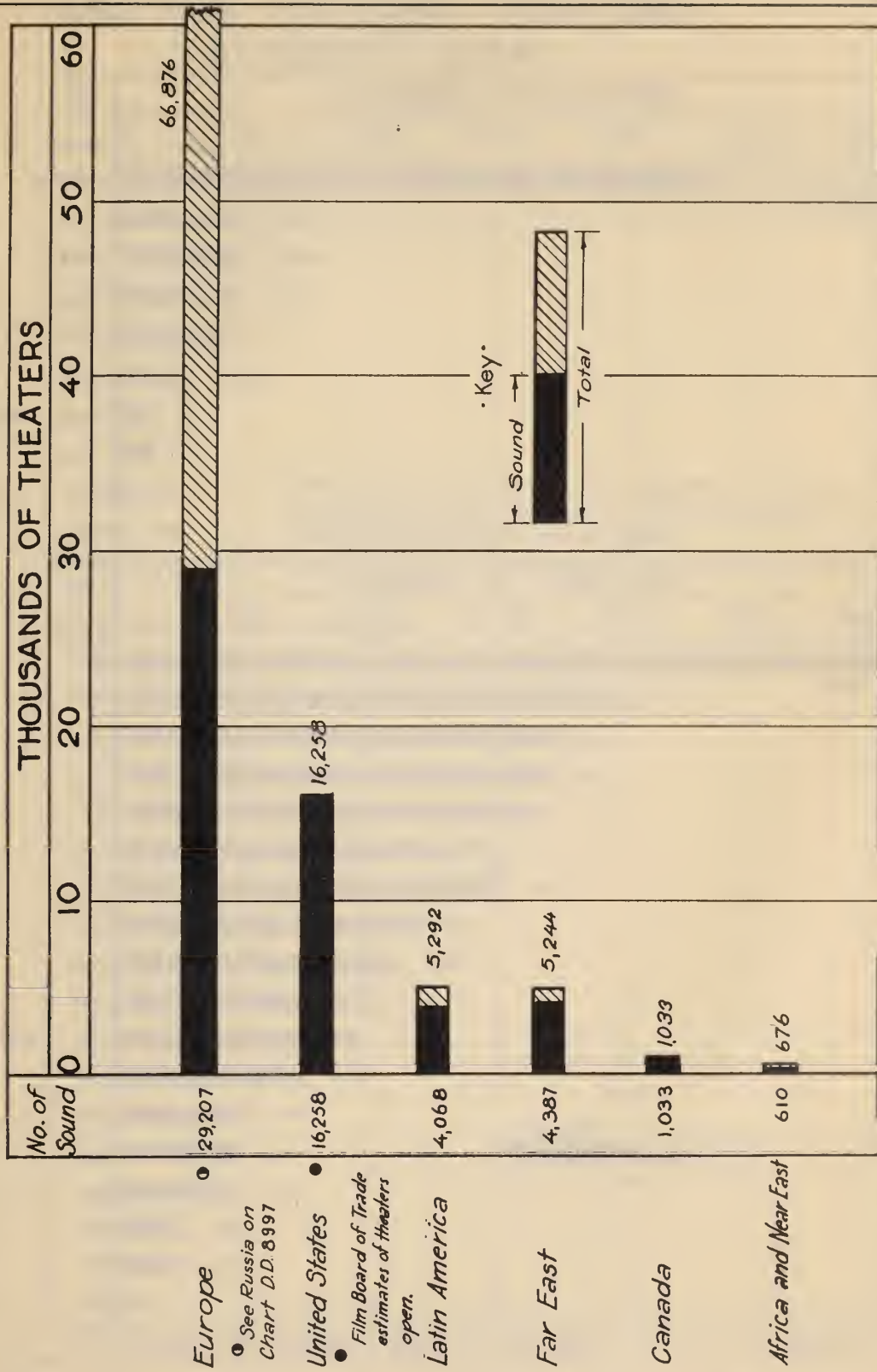
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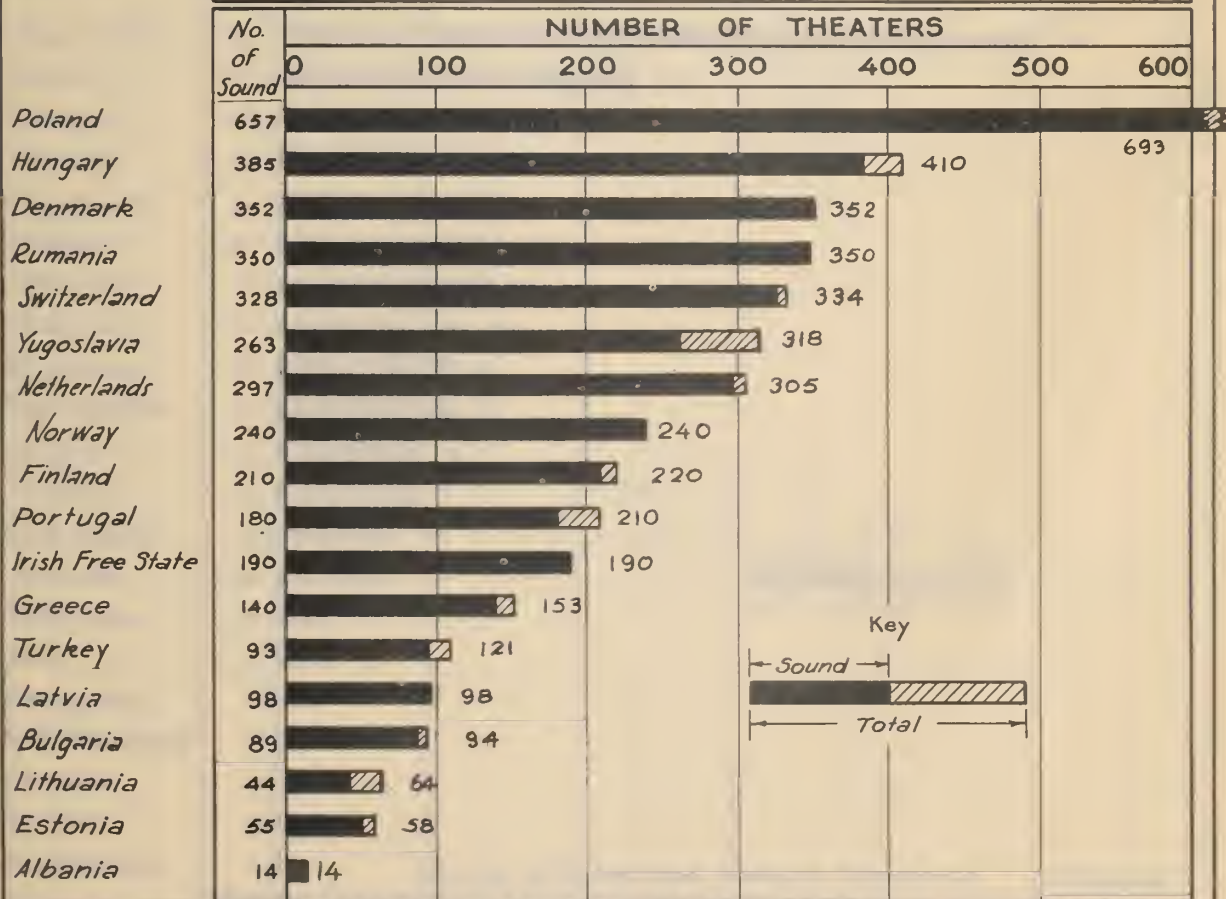
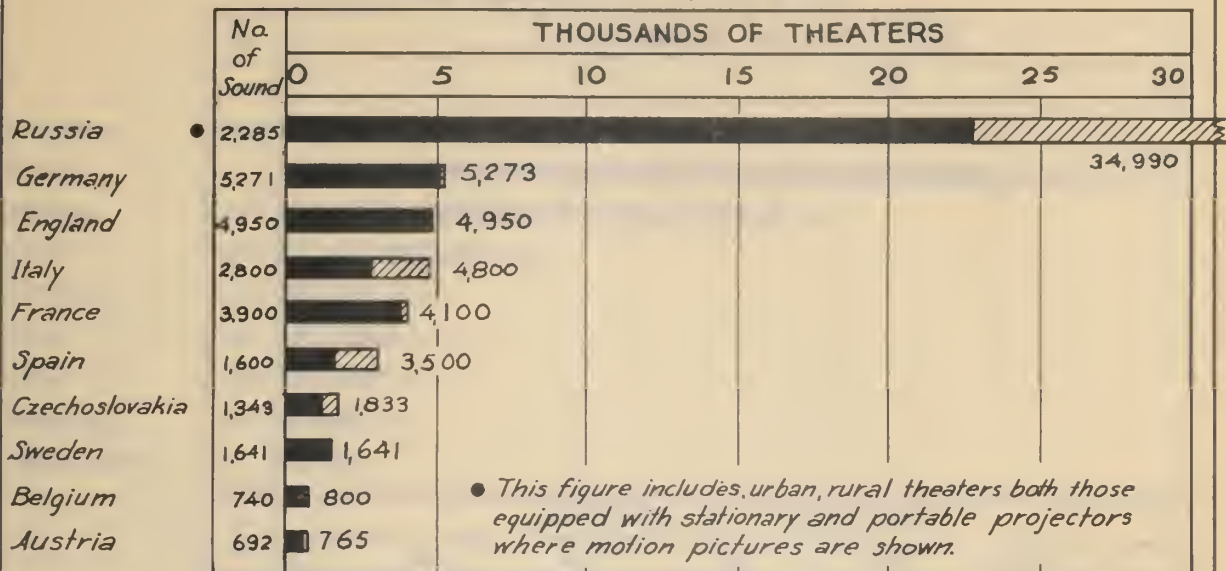
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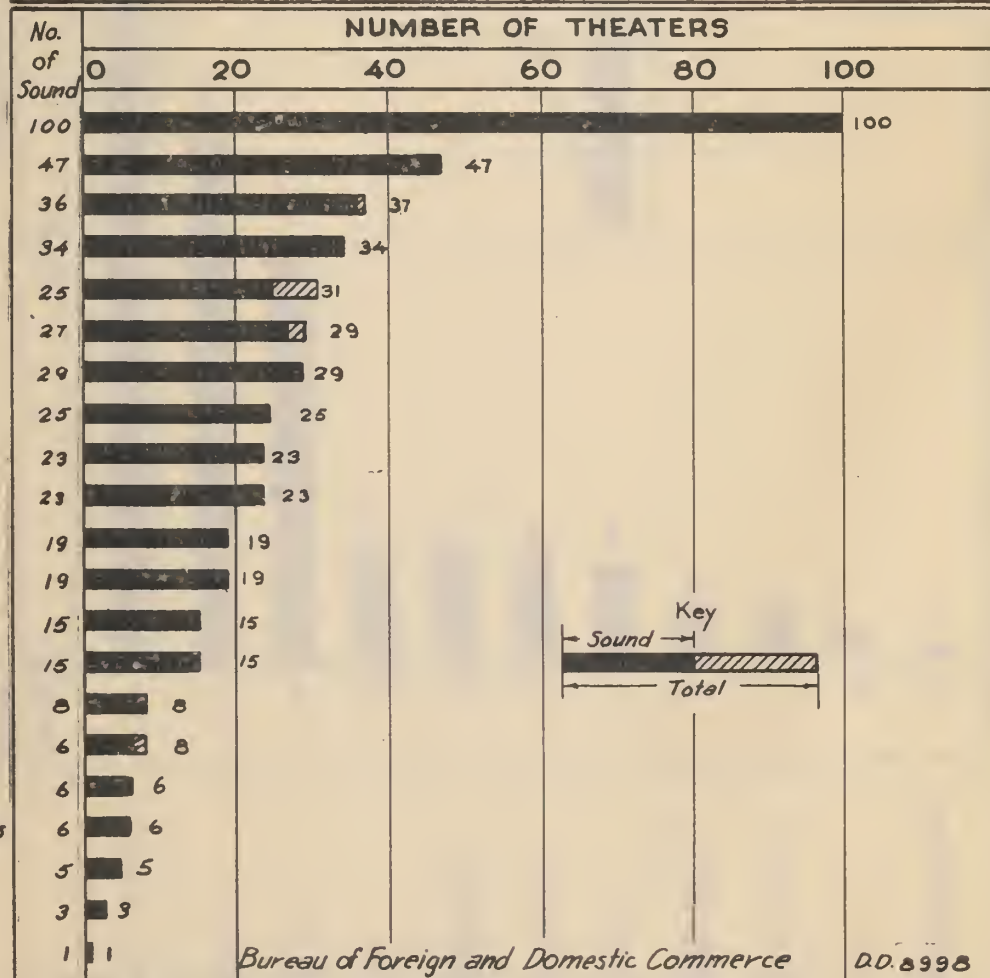
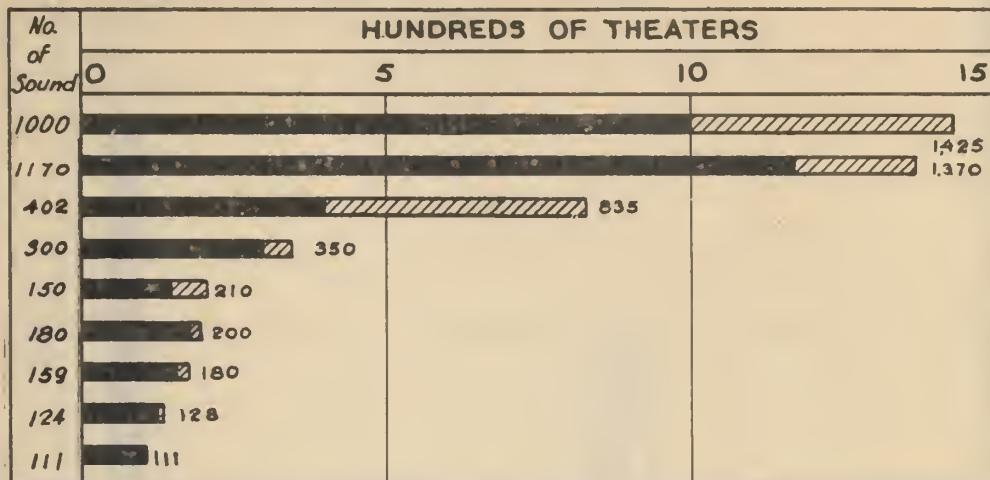
MOTION PICTURE THEATERS THROUGHOUT THE WORLD-1936



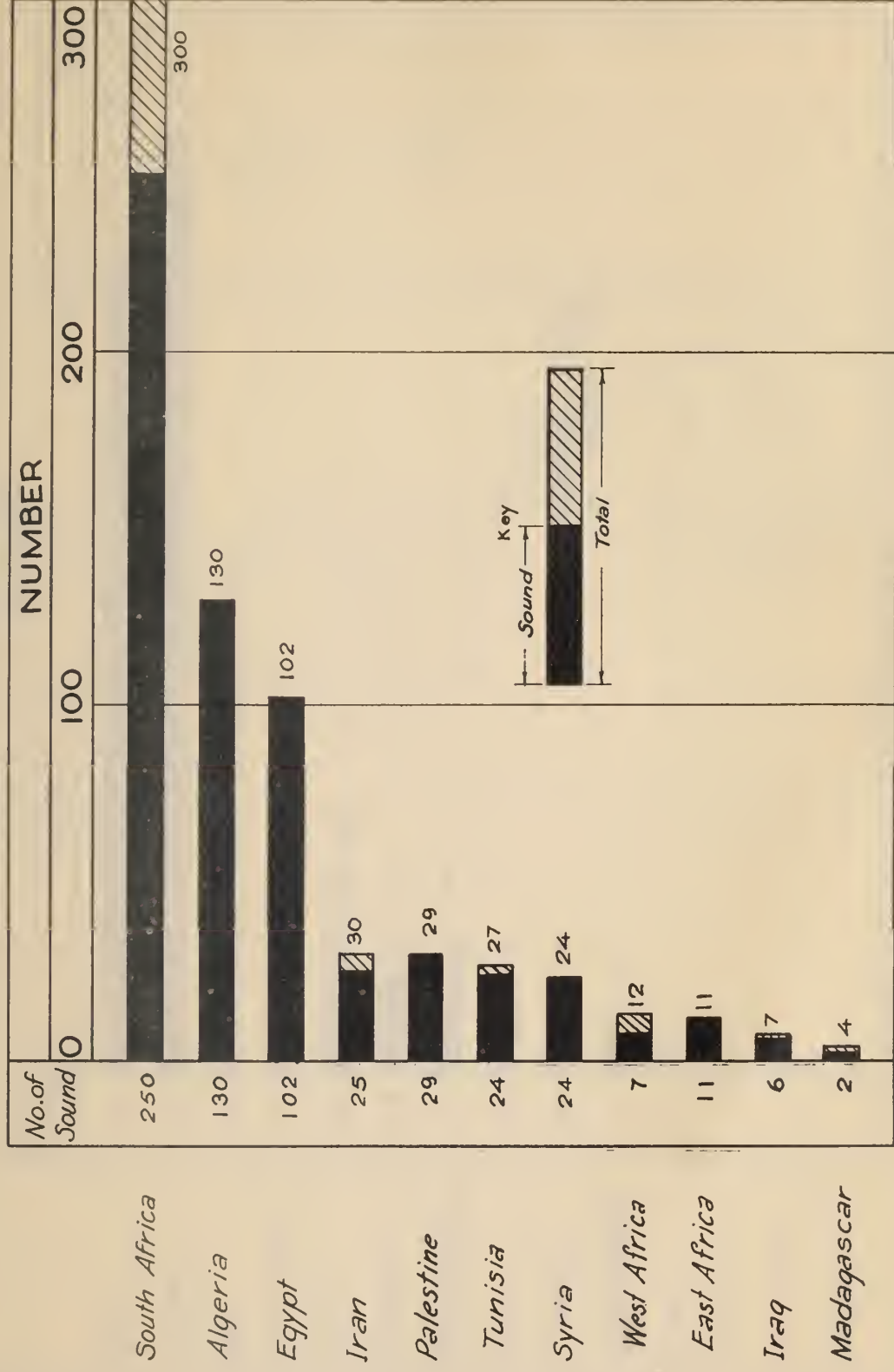
MOTION PICTURE THEATERS EUROPEⁱⁿ - 1936



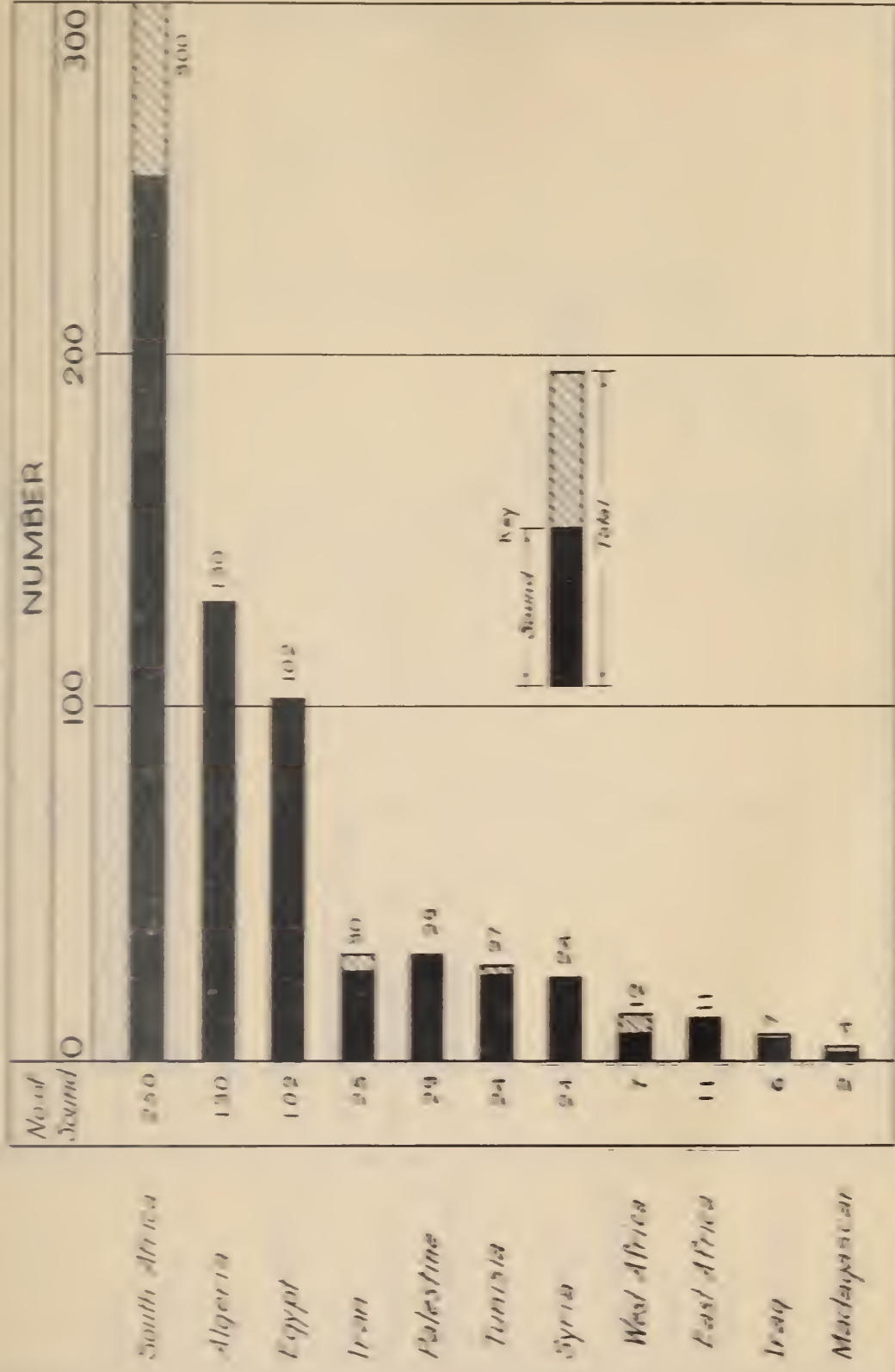
MOTION PICTURE THEATERS LATIN AMERICAⁱⁿ - 1936



MOTION PICTURE THEATERS in AFRICA AND THE NEAR EAST-1936

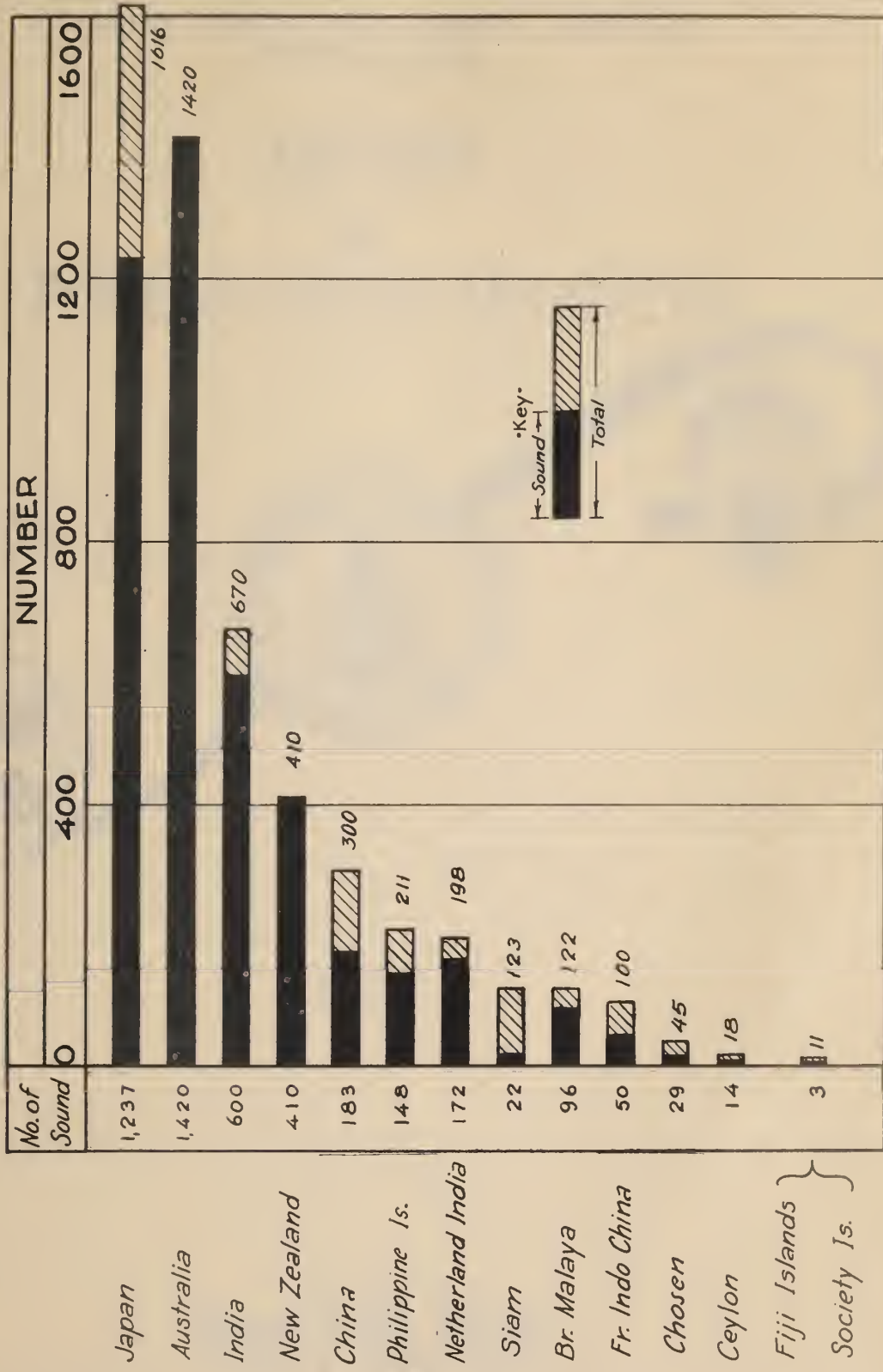


MOTION PICTURE THEATERS IN AFRICA AND THE NEAR EAST-1936



MOTION PICTURE THEATERS

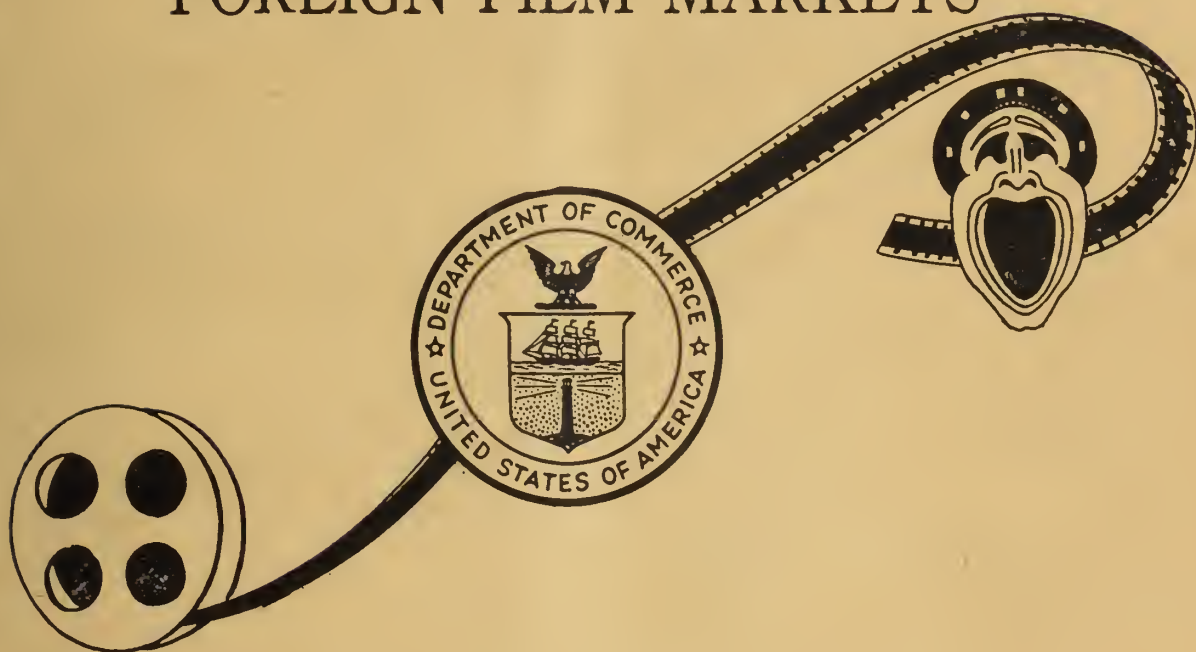
in the FAR EAST - 1936



3

U. S. DEPARTMENT OF COMMERCE
DANIEL C. ROPER, Secretary
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
ALEXANDER V. DYE, Director

REVIEW
of
FOREIGN FILM MARKETS



1937

Prepared in
MOTION PICTURE DIVISION
Nathan D. Golden, Chief

U. S. DEPARTMENT OF COMMERCE

DANIEL C. ROPER, *Secretary*

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

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UNITED STATES DEPARTMENT OF COMMERCE
Daniel C. Roper, Secretary

Bureau of Foreign and Domestic Commerce
Alexander V. Dye, Director

REVIEW OF FOREIGN FILM

MARKETS DURING 1937

By

Nathan D. Golden, Chief

Motion Picture Division

March 1938

Price 10 Cents

2670

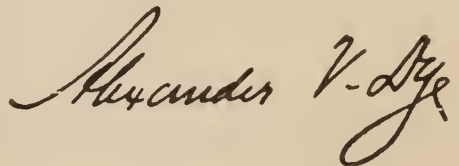
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FOREWORD

Motion pictures form a very significant portion of American export business. Their distribution in world markets means substantial profits to our picture producers and, moreover, has been influential in stimulating our general export trade. It is therefore highly essential that timely data on foreign motion-picture markets be made available to our film interests. This need is especially felt at present because of the uncertainties and problems that confront our film exporters.

Outstanding among such problems are those created by the rapid rise of nationalistic sentiment and the consequent ambition of various foreign countries to develop their own domestic motion-picture industries -- with attendant hampering restrictions on American and other films.

It is the purpose of the present study to stimulate the exports of American motion pictures by presenting a wealth of detailed facts on legislation, censorship, competition, taxation, and similar relevant matters in 1937 in practically every country in the world. The survey has been prepared in the Motion Picture Division, mainly on the basis of facts supplied by the Foreign Commerce Service of this Bureau and by representatives of the Department of State, whose invaluable cooperation is gratefully acknowledged.



Alexander V. Dye,
Director.

REVIEW OF FOREIGN FILM MARKETS DURING 1937

by -- Nathan D. Golden

Chief, Motion Picture Division

Bureau of Foreign and Domestic Commerce.

Foreign government restrictions, high taxes, exchange controls, tightening censorship in a number of countries, growing national tendencies to "coddle" feeble local film industries -- all these factors were again strongly evident in the foreign motion-picture scene during 1937. The "totalitarian" trend in various areas brought significant repercussions in the film business. The undeclared hostilities in the Far East, the Civil War in Spain, and the unsettled conditions in other parts of the world have occasioned our American film distributors considerable concern and have unquestionably resulted in substantial losses of revenue. It is naturally rather difficult to give any dependable estimate of the extent to which the foreign revenues of our motion-picture industry were affected by these adverse factors.

On the other hand, one may confidently and vigorously assert that American films retain a gratifying popularity with nearly all foreign audiences -- that they are ordinarily received with admiration and enthusiasm -- and that the spontaneous demand for them is genuinely powerful.

Restrictions against film imports were considerably intensified by certain governments during 1937, and new quotas are looming on the horizon of 1938. Chief among the countries where new quota legislation is expected is England. The workability of the quota legislation in Australia and New Zealand is something that only the next 12 months can answer.

While Germany has a quota act, censorship is the real bugaboo in the distribution of American films. Dual censorship is in vogue in that market. American films coming into Germany are subject to the approval first of the Contingent Office, and subsequently of the Board of Censors. The former permits or disallows the entry of the film simply on the basis of the personnel concerned in its production and distribution. The Board of Censors reviews the film itself, approves or rejects it, requires cuts and alterations, etc. "Dubbed" German text also is censored and must be approved by the Board. The entire German motion-picture industry has now been regimented under government control. Subsidies are paid to producers from taxes and from contingent licenses to German film exporters. New regulations enacted by decree on August 6 1937, now require that permission must be obtained from the Reich Film Chamber for the establishment of any new enterprises for the production, distribution, preparation, or performance of motion-picture films.

In France, new censorship regulations promulgated by the Government's Board of Censorship provide for the banning of films that might affect the prestige of the French Army or other governmental agencies, or provoke diplomatic incidents with foreign countries, or which show crime or criminals in such a way as to have an injurious influence on the minds of youth. It is

understood that the French Minister of National Education is preparing a film bill which would provide for cooperative control and operation of the motion-picture industry. Certain sections of this legislative measure are expected to provide for the virtual nationalization of the film industry. The bill is said to include provisions for "pre-censorship", a "dubbing" tax, a central film syndicate, a central cinema commission, and a central collecting agency, which would control all monies in the film industry, collect all revenues from the release of films, and, in reality, supplant completely the distributors as they are now constituted. The decisions of these proposed dictatorial bodies would be absolutely binding on every person in the film industry. It is, of course, not certain that such a measure will be adopted, but, if it should be, American companies would be confronted with great difficulties in France.

Taxes and labor limitation imposed in Mexico have militated against our American interests doing business in that market. There are intimations from Brazil of some sort of legislation which might affect distribution of our films during 1938. Such developments are rather disconcertingly common. Several other nations apparently contemplate attempts to legislate a domestic motion-picture industry into being at the expense of our American interests.

As proof that an industry cannot be effectively legislated into being, one need only look at Great Britain. Ten years ago there was inaugurated a Quota System designed to assist and promote a national industry. During the past 10 years Great Britain has produced more films than ever before. But ordinarily they were not of the type enjoyed by the motion-picture public of the world. Seemingly, they were not even enjoyed by the British public. The result was that theaters, to stay within the law and meet their quota footage were obliged to show these pictures at hours during the day when patronage was either nil or at its minimum.

Great Britain during 1937 produced 225 feature films, of which but a handful received world distribution, without which they cannot be financially successful. It might perhaps be best if the British producers would produce fewer pictures, whose chief ingredient should be quality and audience appeal, instead of concentrating upon inferior quantity productions which have been given "artificial respiration" through legislative quotas and contingent systems.

Quality pictures and not quantity is what the public desires, whether it be in France, England, Czechoslovakia, or any other part of the world. Laws may be put on the statute books of nations to force the exhibition of domestic-made motion pictures, but it is the inherent values of the pictures themselves which determine whether picture fans throughout the world will want to see them or not.

During the years 1935 and 1936, money embargoes were eased up to some extent, but 1937 saw a more stringent application of foreign-exchange restric-

tions in many nations throughout the world. Few markets of South America are without exchange-control restrictions. Restrictions in Europe on foreign exchange are often so drastic that it is virtually impossible to get money out of some of the markets. The same applies to Japan and China and other parts of the Far East.

In Rumania, the distribution of American films is in danger of becoming complicated by difficulties over the payment of customs duties and income taxes.

In the Balkan Peninsula, as elsewhere, censorship troubles frequently obtrude. To cite a single example, one finds that in Greece, whose governmental system is now strongly authoritarian, one may expect prompt banning of motion pictures that are even remotely connected with political or social revolutionary movements of any nature, and the prohibition normally applies even to historical films portraying events in the French Revolution more than a century and a half ago.

In Austria there appears to be a movement for new restrictions against American films. While no official confirmation has been forthcoming, it is expected that the new restrictions will probably take the form of a law to provide for increased titling in Austria. Such legislation, if enacted, will increase the cost of distribution and will work a hardship upon our American distributors to the extent of making the market unprofitable to do business in.

Foreign-exchange control, high import registration fees, a dual form of censorship, exorbitant taxes, and the question of the right of American companies to do business in Czechoslovakia, combine to make the Czechoslovak market a constant source of anxiety and vexation to American film distributors. A clarification of all these regulations is expected, and some concessions may be received under the Reciprocal Trade Agreement now being negotiated between the United States and Czechoslovakia.

In Egypt nationalistic feeling is still running high, and Egyptian producers are pressing upon the Government their recommendations that legislation should be enacted for all cinemas in Egypt requiring them to show a quota of Egyptian films, in order to encourage the infant Egyptian film industry. While the Government is favorable to the general policy of aiding local industries, it is expected that this proposal will not be favorably acted upon, as the size of the local film industry quite obviously does not warrant such a form of assistance. However, the problem of the proper means of encouraging the Egyptian motion-picture industry is being given serious consideration by the Government.

In Italy the agreement between the American film companies and the Government permitting the importation of 250 American films and the right to

export 20,000,000 lire expires in June 1938. Whether this agreement will be extended remains to be seen. Up till July 1937, theaters in Italy were compelled by law to show 1 Italian picture for every 3 foreign films. A Ministerial decree of July 1937 changed this, and the ratio has been reduced to 1 Italian picture for every 2 foreign pictures. In Italy all films must be "dubbed" in the Italian language, and such "dubbing" must be done in Italy. On June 21, 1937, the "dubbing" tax on films over 1,000 meters was 30,000 lire for each film "dubbed", this was increased to 50,000 lire, with a surtax applying to films which earned more than 2,500,000 lire. The surtax amounts to 15,000 lire for every 500,000 in excess of the 2,500,000 lire up to a maximum tax of 110,000 lire. On films between 500 and 1,000 meters, this "dubbing" tax and surtax are reduced by half, and there are no "dubbing" taxes for films below 500 meters.

In Argentina there is a possibility that the Instituto Cinematografico Argentino, an official agency created in 1935, empowered to regulate all phases of the film industry in Argentina, will propose some sort of quota or contingent law in the future, favoring a domestic industry.

The Japanese market for American films is threatened with several discouraging factors. After the present supply of American pictures already placed in that market is used up, it is not improbable that Japan will cease thereafter to be a field of importance to the American industry. With Japanese occupation of certain parts of China, restrictions on American motion picture activities paralleling those in Japanese-controlled Kwantung Peninsula and in "Manchukuo" may be imposed in those areas of China also. Film restrictions and an embargo on the shipment of monies were put in effect in Japan in September 1937, as a means of conserving the finances of the country; while such barriers are operative on other industries doing business in this region, they are particularly aggravated so far as the motion-picture industry's stake is concerned.

During the year 1937 foreign motion-picture production totaled approximately 1,809 feature films, as compared with 1,400 features in 1936. The Far East and Near East led with a total of 959 features for 1937, an increase of 285 pictures over 1936. The leading producer in this region was Japan, with 500 films, with India furnishing 350, China 52, the Philippines 32, Egypt 19, and Australia 6.

Europe produced a total of 760 feature films during 1937, 39 feature films more than were produced during 1936. Of the 760 pictures produced, the following countries made the largest contributions: England 225, Germany 125, France 123, Russia 60, Czechoslovakia 47, Italy 37, Hungary 35, Sweden 25, Poland 20, Finland 14, Denmark 13, Austria 10, Belgium 6, Portugal 6, Norway 4, Switzerland 3, Netherlands 3, Turkey 2, Latvia 1 and Rumania 1.

Production in Latin America during 1937 totaled 90 feature films. This is an increase of 34 features for this region over 1936, when 56 films were

produced. Leading producing countries were as follows: Mexico 52, Argentina 30, Brazil 4, Peru 2, and Uruguay and Cuba 1 each.

Increased foreign film production during the past year significantly bears out the contention that foreign countries are bent upon establishing their own producing industries. While this product does not secure much distribution outside of the countries' own boundaries, it nevertheless tends to reduce the playing time of our American films.

Exports of American motion pictures, both negative and positive sound and silent, to all markets of the world, for the year 1937, totaled 215,721,956 linear feet with a declared value of \$4,797,641, as compared with 209,651,404 linear feet, valued at \$4,531,639 for the year 1936. A breakdown of the above totals is shown in the following table:

	12 months 1937		12 months 1936	
	Quantity-Feet	Value	Quantity-Feet	Value
Negative-				
Silent films	3,038,623	\$ 113,689	2,143,939	\$ 92,167
Sound films	9,586,631	\$ 354,578	9,904,111	\$ 362,035
Positive-				
Silent films	2,851,039	\$ 87,362	1,695,980	\$ 51,670
Sound films	200,245,663	\$4,242,012	195,907,374	\$4,025,767
Total-	215,721,956	\$4,797,641	209,651,404	\$4,531,639

With the increased restrictions imposed upon motion pictures by foreign governments one discerns a marked tendency to prevent the motion picture from maintaining the truly international character or position which it has held for so many years. Hollywood still maintains its reputation for internationalism, as it knows no barriers in assembling the finest of talent and technicians from all parts of the world. In many foreign countries, bent upon establishing their own domestic film industry regardless of the methods employed, the motion-picture screen is being used primarily for the dissemination of nationalistic propaganda.

Such policies sometimes react in the opposite direction, as evidenced in those markets which have created domestic industries to bolster nationalism. Exhibitors in some markets are forced by government decrees to hold domestic-made films for longer runs than the subject merits, despits the evident aversion to these films on the part of patrons. A striking revulsion on the part of foreign theater patrons might conceivably come about in 1938; they may become so surfeited with this type of propaganda film that they may act to induce their governments to abolish quotas and foreign-exchange restrictions and thus permit American pictures to be shown, so that they may get what they pay for when they go to the theater, namely, good entertainment.

The true character of the "film industries" which ardent nationalistic interests are vainly striving to create in certain foreign countries may be vividly illustrated by brief quotations from two reports which appear in the following pages. Regarding the "motion-picture industry" of one of the smaller (but important) western European countries, we learn that "production facilities are not adequate, and the industry is not only poorly financed but precarious, film producers leading what amounts to a hand-to-mouth existence. The technique of the local men is not comparable with that shown in American films". In a large country in southeastern Europe we find that "the existing companies are small, poorly organized, and inadequately financed. Under such conditions they are unable to do any serious work. It is believed that most of them will eventually go out of business." That, then, is the situation in two nations which are endeavoring -- in a tentative and sporadic manner -- to conjure up a film industry which would doubtless be inherently uneconomic.

The problems of rising nationalism, of quotas, discrimination, subsidy and tariff barriers will have to be adjusted if American business is to operate on as wide a scale as heretofore.

During 1937 American motion pictures were shown, in the more than 80 countries herein reviewed, to the extent of 70 percent of the screen time of all theaters. In some countries this percentage ran as high as 95 percent.

To be really sound and legitimate, a motion-picture industry in any country must stand upon its own feet and cannot look to its government to legislate it into vigorous existence, either through laws limiting its competitors from freely marketing their products or through subsidies to local producers made possible through devious methods at the expense of foreign distributors.

American motion pictures are the life-blood of the theaters throughout the foreign markets of the world, because they are the best that man has created. Without them theater operators would have difficulty in keeping their theaters open. Yet foreign countries are constantly harassing our American companies and making it more difficult for them to distribute our pictures, which may justly be called the "bread and butter" of foreign exhibitors.

In their struggle to hold the high and richly deserved position which they have won abroad, American motion pictures will rely in the future as in the past on the qualities that foreign audiences have always so keenly appreciated -- the qualities of splendid story-value, great variety of theme and locale, superlatively fine acting by artists from every country, brilliant scenic investiture, technical proficiency, amazing ingenuity in the devising of special effects, and, in general, vivid humor and truly compelling drama, all combining to create engrossing entertainment which appeals to foreign audiences from Stockholm to Capetown and from Valparaiso to Rangoon.

AFGHANISTAN

LEGISLATION-

There are no restrictions on the exportation of currency from Afghanistan which would affect American motion-picture firms doing business in that country.

There is no Afghan legislation that discriminates against American films, or that might otherwise restrict or prevent the distribution of American motion pictures.

CENSORSHIP-

A committee of the Afghan Ministry of Education censors the films exhibited in Afghanistan. Since October 1936, films have been censored at the rate of about 100 per annum.

While no information is available as to the number of films rejected, it is understood that objection is raised to scenes which are immoral in the eyes of the orthodox Mohammedan; for example, those showing excessive drinking, nude or scantily clad women, or passionate love-making.

COMPETITION-

It is estimated that over 50 percent of the films exhibited in Afghanistan are American, the remainder consisting mostly of Indian pictures. Since no attempt is made to provide titles in Pushtu or Persian (the principal languages of Afghanistan), the American films which have proved popular are those in which the story can be easily followed from the pictures. Action and feats of prowess are enjoyed by the Afghan theatergoer. Where music is stressed, the Afghan audience definitely prefers Indian pictures.

COPYRIGHT RELATIONS-

It is not believed that there is any Afghan legislation which protects copyrights or foreign producers from piracy.

PRODUCTION-

Motion pictures are neither produced nor "dubbed" in Afghanistan.

TAXES-

The only motion-picture theater in operation in Afghanistan is owned by the Government. No taxes are imposed on theaters or on the distribution of

motion pictures in Afghanistan. No duty is payable on films which are re-exported.

THEATERS-

There is only one motion-picture theater in operation in Afghanistan, the Kabul Cinema, at Kabul, which is owned by the Government and administered by the Afghan Ministry of Education. With a seating capacity of about 700, it has been operated regularly since September 1936. Two performances are given daily. Prices of admission are 1, 2, and 3 Afghanis (about 10½, 21, and 31½ U. S. cents, respectively) for orchestra seats and 5 and 10 Afghanis (about \$0.53 and \$1.06, respectively) for balcony seats. Total box-office receipts for a full house would be about 1,200 Afghanis (\$127).

SOUND-

The only theater wired for sound is the Kabul Cinema, which has German equipment. It is understood that the projection room at the Ministry of Education used by the censors has "Philips" (Dutch) equipment.

Since there are no unwired theaters in operation, there would appear to be no market in Afghanistan for sound equipment.

* * *

ALBANIA

LEGISLATION-

There are no laws in Albania prohibiting foreign exchange except that it is forbidden to export gold bullion and gold coin, and there exist no laws giving other countries preference over the United States with regard to films. There is no legislation in effect or contemplated which might reduce or prevent American distribution of motion pictures.

CENSORSHIP-

There is no specific legislation in Albania providing film censorship, although every film exhibited must be passed by a commission operating under the authority of the Ministry of the Interior. The commission is composed of a representative of that Ministry - usually a police officer - and representatives of the Ministry of Education, the Courts, the Press Bureau of the Foreign Office, and the Prefecture.

Most films of American origin come either directly or by way of Italy, where they have been censored and shown. Those coming from Italy are usually allowed to be shown without cutting, although they may be previewed by the

Commission. Films imported from the United States and from other countries must pass the Commission with regard to their potential moral and political effect on the public. Exhibitors, however, do not consider censorship especially strict.

COMPETITION-

The following figures show the imports into Albania of motion-picture films for the calendar year 1936. These data do not present an accurate picture of the countries of origin. It has been ascertained from importers and exhibitors that although it appears that the United States and Italy supply most of the films imported, German and French films are respectively second and fourth in the number exhibited. The imports from Italy represent not only Italian, but also many American, German, and French films that have been shown in Italy and reexported to Albania. According to exhibitors 60 percent of all films imported during 1936 were of American origin, and about 90 percent of the imports accredited to Italy consisted of American films. It is estimated that during 1936 approximately 350 foreign films were imported and shown. Of that number more than 200 were from the United States. The countries of origin in the order of number of films imported and shown were: United States, Germany, Italy, and France. Very few motion pictures were imported from other countries.

COPYRIGHT RELATIONS-

There are no copyright laws protecting foreign producers from piracy in Albania.

PRODUCTION-

No films are produced in Albania, and there appears to be no prospect for the creating of a producing industry.

There are no facilities for "dubbing" American films in the Albanian language. Many American films shown here are "dubbed" in Italian, having been previously shown in Italy. Italian is understood by many Albanians.

TAXES-

(1) Customs duties. Developed positive motion-picture films are classified under Category No. 34 as Item No. 509 (c) (2) in the Albanian Customs Tariff, and a duty of 20 gold francs (\$6.51) per 100 kilograms is levied. There is also collected an additional duty of 18 percent of the total regular duty levied, which is destined for municipal, educational, port, and other improvements. Albanian importers do not buy the films they exhibit, but rent them, and after they have shown them throughout the country they reexport them. However, whether the films are purchased or rented the customs duty is the same.

(2) Municipal taxes. Motion-picture theaters pay an amusement tax of from 5 to 40 gold francs daily (except on days when there are no shows), and an annual advertisement tax of 300 to 500 gold francs, according to the importance of the theater. Other municipal taxes are revenue stamps of 0.02½ gold francs which are attached to each advertising leaflet.

(3) Ministry of Finance. An annual tax is paid to the Ministry of Finance. This tax is fixed by the Ministry, but it may be contested by the owner of the motion-picture house and reduced if he produces good evidence that he did not make a big profit on his business.

THEATERS-

There are 14 motion-picture theaters in Albania, and all are wired for sound films. Nine are owned and operated by the "Kinema Nasional" of Tirana, three by the "Gloria" Company, also of Tirana, and the others by two private individuals. The two Tirana theaters have a seating capacity of 450 each. The two theaters in Scutari and the two in Durazzo each have a capacity of 320, while the others can seat from 100 to 150 persons. The average admission price in Albania is 0.40 franc. Tirana theaters sell tickets for 0.20, 0.40, 0.60, and 1.00 franc, and those in the other cities charge 0.20, 0.40, and 0.50 franc admission. The 0.40-franc seats constitute by far the greatest number sold.

The uneducated class of the native audiences prefer cowboy and criminal films, whereas the educated class prefer musical comedies and historical dramas.

The most important motion-picture houses are those in Tirana. Their gross incomes are calculated at about 25,000 gold francs each annually. Those in the other cities have an estimated gross income of from 3,000 to 10,000 gold francs annually.

It is estimated that the total investment in the Albanian motion-picture industry, which consists chiefly of the exhibiting business, amounts to between \$125,000 and \$150,000. That represents the amount of money invested in the 14 theaters, their equipment, projectors, and fixtures.

Inasmuch as there is no local production industry, there are no Government subsidies.

SOUND-

All of the 14 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	8,073 ft.	\$171
Negative sound	---	---
1936 - Positive sound	---	---
Negative sound	---	---

* * *

ARGENTINA

LEGISLATION-

Up to the present time there is no legislation which is prejudicial to American films, except the exchange-control treatment described below. There is a possibility that the Instituto Cinematografico Argentino (an official agency created in 1935 empowered to regulate all phases of the film industry in Argentina) will propose some sort of quota or contingent laws in the future, favoring the domestic industry. Several measures have been introduced into the Buenos Aires City Council, whereby theaters showing national films would be allowed rebates on municipal taxes, but so far none of these proposals has materialized.

During the past year members of the Argentine Association of Motion Picture Distributors (comprising the principal American companies) were charged with violating the monopolistic provisions of the anti-trust law. This controversy promises to be the subject of lengthy litigation in the Argentine courts.

Motion-picture films, sound or silent, pay an import duty of 34.05 paper pesos per kilogram, in addition to minor statistical and slingage charges. While not in the nature of a tariff charge, the exchange surcharge also merits attention. Under the Argentine system of exchange control there are two rates of exchange at which merchandise may be imported. Goods which are granted a "previous permit" are eligible to be imported at the favorable "official" exchange rate. Goods which do not receive this treatment must be financed at the higher "free market" rate, which is accompanied by a flexible surcharge increasing it to a flat 20 percent above the "official" rate. Argentina has negotiated trade agreements with the United Kingdom and most other European countries, thus allowing most European films to come in at the "official" rate. There is no such trade agreement with the United States, with the result that American films have to pay an import differential of 20 percent extra on the invoice value.

CENSORSHIP-

Film censorship is reasonably lenient, with each municipality undertaking its own censorship. It is reported that only one film (Mexican) was rejected in 1937.

Censorship in Buenos Aires is in the hands of an honorary commission, composed of municipal and Federal Government representatives, together with one member representing the production and distribution industry. The other important cities have censorship boards formed along similar lines.

While there are no national censorship standards, films are generally approved unless they fall under the following categories: Those stressing immorality or bad taste; those which ridicule religion; those which contain propaganda insidious to the Government; and those which might lead to international complications.

It is possible that some form of national censorship regulation will be formulated by the above-mentioned Instituto Cinematografico Argentino, under authority granted to it by Law No. 11,723 dated September 28, 1933.

COMPETITION-

For the past 3 years approximately 70 percent of the total number of feature films released in Buenos Aires have been American. On the other hand, for these same years 90 percent of the total sound and silent film imports (on the basis of weight) have come from the United States. This discrepancy is due, of course, to the fact that shorts and news reels are included in the latter calculation, and also to the fact that locally-produced films are excluded.

It is difficult to estimate the exact American participation, for the foregoing reasons. However, local distributors believe that the so-called basic features exhibited in the release houses are 90 percent American. On the basis of the number of feature films released, the other competitors would probably be the United Kingdom, Argentina, Germany, France, Italy, and Spain, in the order named.

On the basis of box-office receipts, however, it is probable that Argentina is the leading competitor to American films. American pictures continue to be well received and are definitely preferred in the metropolitan first-run houses. However, in the subsequent-run and small-town theaters the Argentine films have advanced to a preferred position and are displacing United States and other foreign films to a very definite extent.

COPYRIGHT RELATIONS-

Inter-American Copyright Convention at Buenos Aires, August 11, 1910; ratified July 13, 1934.

PRODUCTION-

Approximately 30 feature films were produced by the local industry in 1937, with plans for a much larger schedule announced for 1938. Production facilities are being expanded, and several of the larger producing companies now have fairly adequate equipment. A few of the leading producers appear to be operating on a satisfactory financial basis, although many of the smaller companies have insufficient capital and depend on outside backing for each of their pictures.

At the present time the Government does not subsidize or render assistance in fostering the domestic film industry. However, various plans along this line have been suggested, and it is probable that the Instituto Cinematografico Argentino will adopt measures to promote national film production. Sr. Sanchez Sorondo, the president of the Instituto, recently visited Europe for the purpose of studying the film industry in Italy, Germany, and other countries.

The technique of the average Argentine film is still considerably below American standards, although a few of the recent domestic features have revealed notable advances. Despite the shortcomings of the local films, most of them show greater earning power than American pictures in the subsequent-run theaters and in the rural districts.

Spanish is the predominant language of the country. At present there are no requirements that foreign films must be "dubbed" within the country; future plans of the Instituto Cinematografico Argentino in this connection are not yet known. As a matter of fact, the introduction of American "dubbed" films in Argentina did not have a lasting success, and at present none of these films is exhibited.

TAXES-

Import duties on films, and the exchange-control surcharge on American and certain other films, are relatively heavy burdens, whereas the taxes on theaters and distributors may be considered fairly reasonable.

Each municipality imposes its own scale of taxes on theaters. In Buenos Aires, for instance, taxes are collected on the basis of the registered seating capacity in combination with the receipts for each performance.

The basic tax provides that for each 10 centavos or fraction thereof collected for admission, and for each 100 seats or fraction of registered seating capacity, there should be paid a tax of 14 centavos. During the summer season (November through March) this is reduced to 10 centavos. The foregoing scale applies to houses charging admission of more than 1.50 pesos for a "completa" (complete program consisting of several films) or 0.40 peso for a "seccion" (one to two pictures). Houses which charge a lower admission

price pay a basic tax of 11 instead of 14 centavos, with 7 centavos during the summer season. Double the established tax is charged for continuous performances. Except in special cases, all performances must be finished by 12:30 A. M. (with a slight tolerance), otherwise a fine of 100 pesos is imposed. Failure to pay taxes within a specified limit incurs a 20 percent penalty.

Distributors pay the same taxes as other commercial organizations. The principal assessments in this connection are the income and sales taxes. Income tax ranges from 5 to 9 percent on profits. Distributors are not assessed the sales tax on the films which they lease, but only on the sale of accessories such as posters, photographs, and the like.

THEATERS-

According to the 1937 Argentine film guide "El Indicador", there are 1,021 motion-picture theaters in the Republic, with a total seating capacity of 548,875. Of these, 178 houses seating a total of 131,084 are in the Federal Capital. Of the 1,021 houses in the whole country, it is believed that between 800 and 900 may be considered as "active", the remainder being either closed or else operating intermittently.

The average admission price generally charged by a first-run house is 2 pesos, with a few of them charging 2.50 and 3 pesos. The popular-priced theaters have admission prices ranging from 0.40 to 1 peso. Most Argentine theaters offer at least two feature pictures, and sometimes more, on the same program.

The Argentine audiences, except those which attend the metropolitan first-run houses, seem to prefer national productions. Speaking films in general, adventure and romance pictures appear to be the types best liked, with musicals declining in popularity. While the Argentine "fan" has demonstrated a strong liking for national pictures, this is not altogether due to the fact that they are in Spanish, but rather that they have a local background and utilize the Argentine dialect. As a matter of fact, Spanish-dialogue films from Mexico and Spain have not been particularly successful in Argentina.

No accurate data are available on the yearly gross income of theaters, and local distributors say that such an estimate would be difficult to compile.

SOUND-

Practically all of the 1,021 theaters referred to above are wired for sound. The prospects for selling sound equipment to the unwired theaters are not attractive. A sizeable portion of the sound theaters have mediocre equipment, most of which was assembled locally. There is a possibility that these theaters will be potential buyers of better equipment in the future, although

the question of price will still be the dominating sales point. American sound equipment in particular finds difficulty in competing, for the reason that its higher basic price is further exaggerated by unfavorable exchange treatment, described elsewhere in this report,

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	17,213,406 ft.	\$337,638
Negative sound	86,205 ft.	\$1,355
1936 - Positive sound	18,036,629 ft.	\$323,274
Negative sound	48,889 ft.	\$714

* * *

AUSTRALIA

LEGISLATION-

There is no law in Australia which prohibits foreign exchange, but under the tariff law British films enter Australia duty-free, while all other films are subject to high tariff rates.

The only other important laws affecting films specifically are the quota laws in the State of New South Wales and Victoria only.

On December 16, 1937, the Premier of New South Wales introduced into the Legislative Assembly a bill, which was subsequently passed by both the Legislative Assembly and Legislative Council, known as the "Theaters, Public Halls, and Cinematograph Films Act, 1937", which amends the "Theaters and Public Halls Act, 1908" and "Cinematograph Films (Australian Quota) Act, 1935".

The chief features of the new bill are:

(1) The quota requirement for distributors is reduced to 3 percent for 1938 and 3 percent for 1939, the percentages for years after that date to be determined later. The ambiguity in the old law, caused by the use of the word "acquire", has been removed, it being clearly stated in the new bill that the distributors must produce pictures in Australia if that is necessary in order for them to obtain the required number of quota pictures;

(2) If a distributor acquires an Australian "quota" film for exhibition in Australia and New Zealand, and in addition pays the producer a sum not less than \$10,000 for the right to exhibit the film elsewhere than Australia and New Zealand, the distributor is credited with having acquired two quota films;

(3) No additional theater buildings will be authorized during 1938 without the approval of a committee which is to be set up;

(4) Exhibitors are given the right to reject $12\frac{1}{2}$ percent of all non-British pictures contracted for, and the right to reject a further 3 percent in order to make room on their schedules for quota pictures.

The new Bill provides that distributors will be exempt from liability for their failure to comply with the old quota law — provided that, on or before March 31, 1938, they satisfy the Film Advisory Committee that they will comply with the amended act which becomes effective on January 1, 1938.

On December 15, 1937, the House of Assembly in Tasmania passed a bill which would give the Government of that State power to restrict theater construction by refusing licenses, and which would give exhibitors the right to reject 25 percent of all films contracted for. The bill was sponsored by the Premier of Tasmania and was expected to be passed immediately thereafter by the Upper House (Legislative Council). However, the bill was unexpectedly held up and has not yet been passed by the Upper House. It remains to be seen whether the bill will actually become law.

CENSORSHIP-

The Commonwealth Film Censorship dealt with 453 imported feature films during 1936 (the latest period for which figures are available). Of this total, 340 were passed without eliminations, 95 were passed with eliminations, and 18 were rejected in first instance. Of these 18 rejections, 10 were subsequently passed on appeal or reconstructed, 4 were rejected on appeal, while there was no appeal in the case of the remaining 4. Of the 8 feature films finally rejected, 5 were American and 3 British, representing 1.4 percent and 2.9 percent respectively of the total number of American and British feature films imported. The films were rejected because they were (1) "blasphemous, indecent or obscure", or (2) "likely to be injurious to morality, or to encourage or incite crime", or (1) "depicting any matter the exhibition of which is undesirable in the public interest". The Chief Film Censor, in his annual report, commented on the recent improvement in imported films, from the standpoint of both censorship standards and entertainment value. The censorship is generally regarded as very strict.

COMPETITION-

As only 6 feature films were made in Australia during 1937 the chief competition for American films is that encountered from British productions. Of the 453 feature films imported in 1936, the United States supplied 348 (76.8 percent), the United Kingdom 103 (22.7 percent), and other countries 2.5 percent). The share of the United States was 73.4 percent in 1935 and 72.48 percent in 1934. American films are regarded favorably and, generally speaking, are preferred to other films.

COPYRIGHT RELATIONS-

The laws of Australia give full protection to copyrights, and there is virtually no trouble with "piracy" of films.

PRODUCTION-

Only 6 feature films were produced in Australia during 1937. Of this total, 4 were made by Cinesound Productions, Ltd., 1 by Commonwealth Film Laboratories, and 1 by New World Films, Ltd. National Productions, Ltd., has not produced any pictures during 1937. While the producers now active appear to have sufficient resources for their present scale of operations, it is reported that lack of finance has kept some producers inactive. The technique of Australian producers is said to have improved during the past 2 or 3 years, but is still regarded as somewhat below American standards. As English is the only language of Australia, the question of "dubbed" films does not arise.

TAXES-

Aside from the Federal and State income taxes paid by all companies, which are regarded as high, importers, distributors, and exhibitors pay further taxes in the form of import duty and tax on theater tickets. Feature films from the United Kingdom are duty-free, but those of other origin are dutiable at 8 pence (about \$0.16) per foot. Because of this duty, only negatives are imported from the United States, and copies are made in Australia. There is no tax on theater tickets in Queensland, but each of the other 5 States has such a tax. In New South Wales (the most important State) the tax ranges from $\frac{1}{2}$ pence (\$0.01) on tickets from 1 shilling 6 $\frac{1}{2}$ pence (\$0.30) to 1 shilling 11 $\frac{1}{2}$ pence (\$0.39), to 5 pence, (\$0.10) on tickets priced at 6 shillings (\$1.25). The tax is higher in other States.

THEATERS-

In October, 1937, there were 1,541 motion-picture theaters (including 57 touring shows) in Australia, with a total seating capacity of 1,097,000. The average admission prices for first-run theaters (evenings) are from 1 shilling 6 pence to 5 shillings 10 pence (\$0.30 to \$1.16); for other theaters, from 1 shilling to 2 shillings 6 pence (\$0.20 to \$0.50). American and Australian tastes are very similar with regard to pictures. The musical comedy is among the most popular. There is no official figure or trade estimate of the gross income of theaters.

SOUND-

All 1,541 motion-picture theaters in Australia are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive Sound	4,632,378 ft.	\$116,783
Negative sound	1,099,799 ft.	\$32,451
1936 - Positive sound	4,777,668 ft.	\$107,263
Negative sound	1,107,332 ft.	\$25,688

* * *

AUSTRIA

LEGISLATION-

During 1937, the system of granting "Vormerkscheine" to pay for presentation permits issued by the provincial authorities continued in force with regard to sound feature films and sound short films. On January 30, 1937, however, new film regulations were issued. On the whole, the wording of these is practically the same as that of the old ones, but the few alterations made are of great importance. To stimulate domestic production, the supplier of a sound film apparatus used in the production of a domestic feature film which has been approved by the competent authorities received 4 additional "Vormerkscheine" which are transferable and form the basis for the issuance of exhibition permits. The exhibition permits issued for a film are valid as a rule for all copies. If a feature film is exhibited in several installments, each part of such film is regarded as a whole film. A maximum of 12 Vormerkscheine will be issued for each domestic feature sound film, 1.5 Vormerkscheine each for domestic short films, and 3 Vormerkscheine each for cultural short films for compulsory exhibition.

Vormerkscheine are not required for domestic sound films of all kinds, for imported bits used in Austrian news reels, or for "trailers" or advance sample of coming features. Domestic advertisement films must comply with the special regulations covering the showing of such film.

If the producer of an Austrian feature film sells such a film in foreign customs territory at a fair price, or if such a film is duly shown abroad, the Film Bureau is authorized to issue as an export premium additional Vormerkscheine as authorized for that purpose by the Ministry of Commerce. These Vormerkscheine remain at the disposal of the Film Bureau and may be used only for the exhibition of films from the same foreign customs territory. This authorization may be granted only once for each feature film.

The granting of Vormerkscheine is restricted by the limitation that the film must be shown to the Film Council before it is exhibited in public.

Vormerkscheine are handled by the Film Bureau of the Vienna Chamber of Commerce. The price of one Vormerkscheine is 1,000 schillings. For the time being, the allotment of Vormerkscheine and the charging of fees are on a 100 percent basis.

The importation and exhibition of sound feature films continues to be subject to contingent control. In accordance with the new regulations, the film contingent fee was increased by 25 percent, effective February 7, 1937. The number of Vormerkscheine required for the issuance of an exhibition permit for a foreign short sound film less than 350 meters long is now 0.15, and for such a film from 350 to 700 meters long, 0.30 Vormerkscheine. Foreign advertisement short films (except trailers) pay three times the above number of Vormerkscheine.

For the issuance of an exhibition permit for other foreign sound films the following number of Vormerkscheine are required:

Above.....	1,500 meters.....	4.5
1,000 to	1,500 "	3.
700 to.....	1,000 "	2.

In issuing an exhibition permit for a foreign feature film above 1,500 meters which requires the insertion of German texts and titles, a reduction can be granted to 1.5 Vermerkscheine if shown in one copy, and to 2.25 Vormerkscheine if shown in two copies.* In each case application must be made by the Film Bureau to the Ministry of Commerce; these applications are usually granted if the petitioning distributors have titling and subtitling done in Austria on at least one-third of the number of foreign-language copies distributed by them.

Distributors who are able to prove a certain expenditure in Austria for the dubbing of a feature film receive a maximum of 8 Vormerkscheine. Furthermore, the exhibition of such films in Austria will be granted free. The same applies to the original foreign-language version of such film.

The Government does not subsidize the domestic film industry but is fostering it by contingent control and by granting "Vormerkscheine" for domestically produced films, which Vormerkscheine are paid for from contingent receipts. The dubbing in Austria of foreign-language films is also promoted by the granting of additional Vormerkscheine, as stated above.

Fees for exhibition permits for films of all kinds produced in countries which handicap the distribution of Austrian films by import prohibition, regulations concerning payment, scenarios, cast personnel, etc., can be increased above the normal rate. Reduction of fees in accordance with seasonal box-office fluctuations will not be granted.

* No reduction for three or more copies from the base price of 4.5 Vormerkscheine.

Film distributors are asked by the Film Bureau of the Vienna Chamber of Commerce to rent certain Austrian propaganda or "cultural" shorts which are designated for obligatory exhibition; if they refuse or do not pay for such films, exhibition permits for all other films handled by that distributor may be cancelled or withdrawn.

The above regulations also apply to substandard sound films.

The Austrian film industry depends to the extent of 70 to 80 percent on the German market. The Austro-German film agreement, valid until June 30, 1939, has undergone a revision, and it is understood that according to the new stipulations, Germany will take 14 Austrian feature films a year, while Austria grants the contingent-free importation of an unlimited number of German-language feature films produced in Germany. The exchange of short sound films and cultural shorts has been fixed at the ratio of 10:1 in favor of Germany.

The chief reason for Austria submitting to the contingent-free importation of German feature films was her desire to reduce to some extent the large amount of Austrian claims frozen in Germany.

The contemplated centralization in Vienna of film censorship on a uniform basis for the entire country has not gone through, and censorship continues to be effected by the various provincial authorities for their respective provinces. The whole question of censorship in Austria is therefore in a rather unsettled condition. Censorship in Austria, however, is not rigid and, except for gangster films, which are considered undesirable, is no practical obstacle to the importation of foreign films.

COMPETITION-

In line with the general decrease in the number of films exhibited, which during the 10-months period January to October 1937 totaled 261 feature films against 278 in the previous year, there were also fewer American films shown. Estimated on a basis of the number of films shown, the position of the United States, expressed in percentage of the entire number exhibited, was 38 percent or the same as that of Germany, each of the two countries supplying 99 feature films. Of the remainder only 3.8 percent were domestically produced films, the others originating in England, France, Hungary, Czechoslovakia, and a few other countries. American films are very well liked in Austria and shown in good volume, especially in the large first-run houses in Vienna, while German films, although not greater in number, exhibit many more copies throughout the country. Competition from other countries and from domestic production is unimportant.

COPYRIGHT RELATIONS-

Established by governmental decree No. 111 of April 9, 1936.

PRODUCTION-

The Austrian film industry is experiencing a severe crisis, and local producers state that more cash is needed to enable them to keep up their production. Also, in view of the high cost of bank financing, studio and sound apparatus, rentals, star's salaries, etc., costs have reached the point where it is no longer profitable to produce films in Austria without some form of Government subsidy. This, however, has failed to be forthcoming. Receipts from other countries have also declined in consequence of exchange and other restrictions on Austrian films. Production, therefore, fell off considerably and during the first 9 months of 1937 amounted to only 10 feature sound films and 10 short sound films, chiefly of an educational or cultural nature. This compares to 19 feature sound films and 10 short sound films for the same period of 1936. The Austrian film technique is very well developed and comparable with American films. American films, or for that matter any foreign-language films, dubbed in Austria are not very well received by the public, since the dubbing is considered to be poorly done. The native German language is the predominant one in Austria, but a large number of the people, especially in Vienna, read and speak English fairly well. There is no law prescribing that the dubbing of foreign films must be done in Austria, but premiums in the form of additional Vormerkscheine are granted to distributors who have their dubbing done in that country.

TAXES-

The tariff on sound films is 120 gold crowns (\$40.70 at current rate) per 100 kilograms, plus 4 percent of duty-paid c.i.f. invoice value.

Other taxes consist of (1) the local censors' fee amounting to 50 schillings (\$9.25) per 1,000 meters but not more than 100 schillings per film, and an additional fee of 3 groschen per meter for Federal approval. (2) Amusement (Lustbarkeits) tax of 4 to 20 percent of gross receipts. This tax, however, is payable only in the city of Vienna, while in Lower Austria and Carinthia it has been entirely eliminated and in the six other provinces it is reduced. (3) Effective April 1, 1937, a box-office tax of 2 groschen per ticket is collected for the assistance and support of poor musicians (Musik-schutzabgabe). (4) Aside from the foregoing, distributors and theater owners pay the usual taxes on earning and personal income, also various Federal and municipal welfare taxes such as unemployment fund, insurance of employees against illness or accident, pension fund, etc., and the turnover tax.

THEATERS-

Estimated total 779, with a seating capacity of 234,580. The average admission price is about 1 schilling (18.5 cents) in Vienna and about 0.80 schillings (15 cents) in the provinces. There is wide variety with regard to the types of films best liked by the Austrian audience. The greatest attraction is a film having an outstanding star in the cast. Good comedies and dancing shows are very much favored, and "G-men" films as well. No figures or estimates are available regarding the gross receipts of cinemas for 1937, but in 1936 they were estimated at 50,000,000 schillings.

SOUND-

Of the estimated total number of cinemas in Austria, 706 or 90 percent are wired for sound. The remaining 10 percent are so small and their financial conditions so poor that they cannot afford to buy the necessary equipment for the exhibition of sound films.

IMPORTS FROM THE UNITED STATES-

1937 -- Positive sound	1,452,730 ft.	\$35,792
Negative sound	41,065 ft.	\$2,413
1936 -- Positive sound	1,861,635 ft.	\$38,736
Negative sound	19,174 ft.	\$1,917

* * *

BAHAMAS

LEGISLATION-

There is no agitation or legislation against the exhibition of American motion pictures.

CENSORSHIP-

The Commandant of Police has charge of the censorship of motion-picture films. No gangster films are permitted to be shown. It is understood that during the year 1936 no films were censored by the above-mentioned authority, but that one or two mob films were refused by the manager of one of the theaters.

The Cinematograph Act of 1912 (Bahamas Laws, Chapter 112) forbids the presentation or exhibition by means of a cinematograph or other similar apparatus, of "any picture, drawing, print, film or representation of any kind, of a treasonable, seditious, profane, blasphemous, immoral, indecent or obscene character".

COMPETITION-

Great Britain so far has been the only competitor of American films in this Colony. However, during the year 1936, according to the Bahamas customs statistics, only American films were imported into the Colony for exhibition. The value of films imported during the year ended December 31, 1936, was £4,887, equivalent to \$24,435.

COPYRIGHT RELATIONS-

Copyright relations are the same as in the United Kingdom.

PRODUCTION-

There is no production of motion pictures in the Bahamas. All films shown here are in the English language.

TAXES-

A customs duty of $1\frac{1}{2}$ percent ad valorem is assessed on motion-picture films imported into the Colony, provided satisfactory bond be given for the reexportation thereof within 90 days.

There are no amusement taxes.

THEATERS-

At the present time there are only three motion-picture theaters in the Bahamas, two having been destroyed by fire recently.

Total seating capacity at the Savoy Theater, which is now the only motion-picture theater in Nassau frequented by the white population, is 328. The average price of admission at the Savoy is approximately 35 cents.

Two other motion-picture houses, which cater solely to the colored population, have a total aggregate seating capacity of 850. Average price of admission is approximately 25 cents.

Types of films shown are comparable to American standards. Programs consist of feature, comedy, news reel, and short subjects, approximating programs in the better class motion-picture theaters in the United States.

SOUND-

All three theaters are wired for sound.

IMPORTS FROM THE UNITED STATES (to "other British West Indies")-

1937 - Positive sound	10,169,863 ft.	\$24,762
Negative sound	7,328 ft.	\$153
1936 - Positive sound	7,158,685 ft.	\$25,745
Negative sound	2,843 ft.	\$57

* * *

BARBADOS

LEGISLATION-

On January 1, 1936, there was put into effect a compulsory British exhibition quota of 20 percent on features and 50 percent on news reels, the former increasing in the second year to 25 percent. This act has not been enforced, as no such amount of British films is available in this market. The exhibitors have informed the Colonial Secretary to this effect, so it is hoped that this act may be abolished, in view of the fact that this island is near the United States and, in connection with the other islands of this region, can use a certain amount of American films which are preferred by the local audiences.

A bill has been proposed to establish a definite board of censorship.

At the present time there is a committee under the Deputy Commissioner of Police which censors films that are to be exhibited in Barbados. This existing censorship is not very strict, and it is understood that only three or four films were so badly cut or rejected during the past year that they could not be exhibited.

COMPETITION-

Of all the films shown, 95 percent are of American make.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

There is no production of motion pictures in Barbados.

TAXES-

There is no admission tax. A parochial trade tax of 8.5 percent on net profits and a colonial income tax on net profits amounting to 2 shillings 6

pence on the pound are levied. These taxes may vary slightly from year to year, being fixed by the appropriate bodies.

THEATERS-

There are at present three theaters in Barbados, all of which are wired for sound. The combined seating capacity of these theaters is 1,987. The average range of motion-picture admission prices is from 12 to 48 cents for first-run picture theaters and from 6 to 24 cents in the second-run houses. The average motion-picture program consists of a short news reel, comedy, and a feature. One theater, however, shows double feature programs on week ends. Two theaters change programs three times a week, while the third theater changes its programs twice a week. The favorite types of film are those of a musical comedy nature. Next in importance are heavy dramas and comedies.

Attendance at motion-picture theaters has greatly dropped off during the summer season of 1937, by reason of the local riots at the end of July. Exhibitors fear that the public is losing the habit of attending the three local theaters as heretofore, because the former regular patrons no longer frequent them. It is estimated by one exhibitor that his receipts have dropped off more than 70 percent, but he hopes to rectify this by bringing to Barbados in quick succession several excellent films to attract his patrons and again get them in the habit of attending the theater at frequent regular intervals. It is said that the theaters are now full only one or two nights per week and that during the other nights the receipts from admissions may not even cover the operating expenses.

SOUND-

The three theaters are wired for sound.

* * *

BELGIUM

LEGISLATION-

There are no laws prohibiting foreign exchange. Money made in Belgium may be freely transferred. Certain American companies have been able by the form of their organization and the presentation of appropriate accounts to avoid local fiscal levies on large sums which have been shifted to America.

Local laws do not give preference to other countries over American films. There are no quota or contingent laws in effect, nor are any such laws contemplated. Legislation which might reduce or prevent American distribution of motion pictures is not at present foreseen. It is probable that Belgium will continue to be considered a favored field by American distributors.

The disadvantages presaged during 1935 and 1936 were eased somewhat during 1937 by the gradual subsiding of the organized agitation for the local synchronization of American films susceptible to "dubbing". Relations between Belgian distributors of American films and the producers were strengthened during the year by the personal visits of several important American film executives to Belgium to gain first-hand knowledge of the problems faced by their agents. The numerous conferences resulting from these visits presage a period of increased activity for the local market.

CENSORSHIP-

There is no compulsory censorship in Belgium. When pictures are released, the distributor is not obliged by the law to submit his films to any institution for censoring.

If children under 16 years of age are to be admitted to see a film, the film must be passed upon by a so-called "Commission de Controle" which decides whether the picture can be played before children under 16. This is not an obligatory measure, if the distributor proposes to exhibit his film to an audience of mature age.

In some films, such as those based on Wild West sequences, the activity of the "Commission de Controle" has developed into a very definite censorship, since such films are made to appeal largely to juvenile minds.

The "Commission de Controle" is very strict in its censorship of films voluntarily submitted in order to obtain the "Children Admitted" privilege. Its standards are high. In order to be played before children, a picture must not contain any scenes of robbery, fighting, gun-play, gambling, kidnaping, extortion, cruelty, or intimidation. Lascivious scenes, stories portraying adultery, or films based on blackmailing are also unable to obtain the approval of the Commission of Control to display the sign "Children Admitted". Certain Wild West pictures under such regulations have suffered severe cuts.

In general, it may be stated, on the authority of the trade, that no films were absolutely rejected by the censorship for adult showing in Brussels.

COMPETITION-

For sound films it is necessary to divide Belgium into three territories: Brussels, which is considered definitely bi-lingual; the Flemish territory, where the language of the Flemings predominates; and the Walloon territory, where the French language predominates. In Brussels and the French-speaking section of Belgium, the largest competitors of the American films are the French productions originating in France. In the Flemish section of the country there is no important competitor of American films, although German films are produced in this territory and receive a favorable reception.

Fifty percent of the films shown in Brussels are American, although this does not mean that they are necessarily produced in English, since many of them have been "dubbed" in the French studios of American concerns. In the French-speaking territory of Belgium, approximately 40 percent of the films shown are American. This percentage is doubled in the Flemish territory, where fully 80 percent of the films shown are American.

American films are well received throughout Belgium. The preference of Brussels, according to the trade, is for French productions, although numerous American films have enjoyed long runs and would seem to share the honors equally with the French. In the French-speaking territories of Belgium, the French films are preferred. In the Flemish territory American films are the most favored.

COPYRIGHT RELATIONS-

Belgian laws protect copyrights and protect foreign producers from piracy. Belgian legislation in this respect enforces international agreements. Established by Presidential Proclamation on July 1, 1891; extended April 9, 1910, and July 14, 1911.

PRODUCTION-

There were six domestic films produced in 1937.

Production facilities are not adequate, and the industry is not only poorly financed but precarious, film producers leading what amounts to a hand-to-mouth existence. The technique of the local men is not comparable with that shown in American films.

The only objection to American films "dubbed" in the native language comes from those spectators who would prefer to see the American films in English. It may be presumed that this group forms a substantial minority. For purposes of film distribution, French remains the predominant language of the country.

As already indicated, foreign films need not be "dubbed" in the country in which they are shown, although for a certain period there was much agitation among certain groups of Belgian syndicates to make such "dubbing" obligatory.

Because of the very precarious and constantly changing organization of the local motion-picture industry, it is impossible to state with precision what the total investment is.

The Government does not subsidize the domestic motion-picture industry or render it other assistance for the fostering of its growth. Documentary films are sponsored by semiofficial touring agencies, yet the expenditure

is slight. The prospects for continued good business are excellent. After a period of rising prosperity, the Belgian economic and financial situation is slightly uncertain as the year 1937 closes and exhibitors are again cautious and unwilling to engage themselves for a long period. Nonetheless, because of its comparative absence from restrictions, the Belgian market remains a favorable and highly interesting field for the distribution of American films.

TAXES-

As already indicated, taxation is, comparatively, not high. Taxes are imposed upon theaters, distributors, and imports.

These taxes are as follows:

(a) Theater tax on admission price, based on price of seat.

Price of Seat			Percentage of price taken as tax.	
Up to Frs.	4. -		5.40	percent
From	" 4.01 to 5		8.10	"
"	" 5.01 to 8		14.50	"
"	" 8.01 to 12		18.60	"
"	" 12.01 up		23.25	"

(b) Distributors: There is a tax of 2.475 percent on the net amount paid to the producer as "royalty". Certain American distributors, however, object that under the present legislation this tax of 2.475 percent on "royalties" is not applicable to the motion-picture industry, and these representatives exact the reimbursement of the amounts paid to the "fisc".

(c) Imports: Besides the regular customs duties due upon the entrance of most merchandise into Belgium, all films imported into Belgium are subjected, like all other merchandise, to the "taxe de transmission" of 2.5 percent ad valorem.

THEATERS-

There has been much activity in the refitting of houses and the opening of new ones during the year. Local estimates of the trade place the number of theaters in the country at nearly 1,000. This is a considerable advance over the figure heretofore given, "approximately 800".

The total seating capacity of these theaters amounts to about 600,000 seats.

The average admission price in the big theaters is 7 francs, although there are more luxurious establishments in Brussels where the average is somewhat higher. For theaters giving the films in second or in subsequent runs the average admission price is 3.50 francs.

The native audiences prefer comedies, and it is the gayer type of film that is the best liked.

The yearly gross income at the theaters is stated by the trade, to be approximately 250,000,000 francs, yet fiscal statistics for 1936 claim that cinema receipts totaled 305,800,000 francs.

SOUND-

The wiring of Belgian theaters for sound is continuing, and it is estimated that approximately 800 now possess installations for the showing of sound films. The prospects of selling sound equipment to those theaters which are still unwired are good. Approximately 100 theaters may be considered as prospective customers.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	2,647,043 ft.	\$63,519
Negative sound	---	---
1936 - Positive sound	2,670,834 ft.	\$50,816
Negative sound	1,728 ft.	\$107

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BERMUDA

LEGISLATION-

There is no legislation in Bermuda detrimental to American films.

CENSORSHIP-

There are few censorship regulations in the colony, and such regulations as exist are purely voluntary between the manager of the theater company and the Board of Education. The manager of the company who goes to New York personally to select the films to be used for the year is thoroughly familiar with local tastes and feelings in such matters and is therefore careful in the selection of all films. If there is any feeling on the part of the management that the picture might be objectionable, members of the Board of Education and clergy are invited to see the picture at a private showing. No pictures were rejected during the past year.

COMPETITION-

Practically all films shown in Bermuda are American. There is but little competition, and this from England. Approximately 180 films will be shown during the year 1937, probably 15 of the number being British. Only outstanding British films are projected.

COPYRIGHT RELATIONS-

The copyright laws of Bermuda protect foreign producers from piracy.

PRODUCTION-

No films are produced in Bermuda. Parts of American pictures have been made here on several occasions, but there are no studios in the colony.

TAXES-

No amusement taxes are levied in the colony by the Bermuda government, motion-picture films, excluding undeveloped films of British origin, are subject to an import duty of 1 penny (approximately 2 cents) per 100 feet. Films not of British origin are subject to an import duty of 6 pence (approximately 12 cents) per 100 feet, plus a surtax of 25 percent.

THEATERS-

There are nine theaters in the colony, with a total seating capacity of 2,716. There are but two important houses, and they are situated in Hamilton. Both theaters have recently been remodeled and enlarged and now have a combined seating capacity of approximately 1,200. Shows are given nightly in these places with the exception of Sundays. There are frequent matinees during the winter months.

Other houses are in operation at St. George's, where three shows are given weekly; at Somerset, with three shows weekly; and at Baileys Bay, Prospect, The Flats, Southampton, and the Dockyard, where weekly shows are given.

The average admission price for evening shows is 50 cents, for special features 75 cents, and for matinees from 12 to 25 cents.

Musical comedies are perhaps the most popular type of film shown in Bermuda, yet the management of the theater company is careful to select a well-balanced program throughout the year.

SOUND-

All theaters in the colony are now wired for sound. Aside from expected replacements there is no market for sound equipment in Bermuda.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,520,184 ft.	\$30,067
Negative sound	---	---
1936 - Positive sound	1,842,156 ft.	\$37,079
Negative sound	---	---

* * *

BOLIVIA

LEGISLATION-

There is no definite legislation imposed against motion pictures. The only restriction is that of transmitting funds abroad.

CENSORSHIP-

The Government decree of February 22, 1926, forbids admittance of children under 12 years to picture houses on week days. Censorship is executed by the various municipalities from moral, religious, and political standpoints, but it is not strict.

COMPETITION-

During the past year approximately 90 percent of the films shown were of American manufacture, while 10 percent were European. It is believed that there will be some increase in the percentage of European films shown during the next year, because of the fact that a number of contracts have already been signed with European distributors.

COPYRIGHT RELATIONS-

There are no copyright relations with the United States.

PRODUCTION-

No films were produced during 1937. There are no studios in Bolivia.

TAXES-

In Bolivia there are the following national taxes collected in all parts of the country: 10 percent of gross receipts; stamp tax of from Bs. 0.02 to Bs. 2.50 per ticket according to price. The Government sales tax on tickets is now Bs. 0.01 to Bs. 0.50, depending on the price of the tickets, which runs from Bs. 0.20 to Bs. 25.00. There is a municipal tax of 4 percent

and a departmental tax of 5 percent on the value of the tickets, subject to surcharges of $7\frac{1}{2}$ percent and 20 percent respectively. In La Paz there is a 4 percent municipal tax, a municipal tax on outdoor advertisements, an annual municipal license tax of Bs. 2,000 for first-class theaters and Bs. 1,000 for second-class theaters. In the other principal cities of the country, there are, in addition to national taxes, departmental taxes of from 6 to 10 percent of gross receipts and annual municipal license taxes of from Bs. 1,000 to Bs. 1,500.

THEATERS-

There are 19 theaters in Bolivia. Three in La Paz, two in Sucre, one in Cochabambo, and one in Oruro may be considered relatively important.

Admission prices range between Bs. 2.50 and Bs. 3.00. Very rarely prices reach Bs. 4.00 for outstanding films. Sometimes prices are reduced to Bs. 1.00 for films that have been already shown several times. The usual program consists of a news reel, a comedy, and a feature picture. Theaters in La Paz offer one new film weekly, which is generally exhibited about three times during the week. All other exhibitions during the week are films that have been previously shown. Films preferred by the natives are musical comedies, sensationals, and thrillers. There is no special preference as to nationality of stars; films in the Spanish language would probably be preferred, but exhibitions of pictures in this language are very few. English-language films enjoy a great preference over European-language films that have been shown.

SOUND-

There are 19 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	104,475 ft.	\$2,333
Negative sound	---	---
1936 - Positive sound	81,299 ft.	\$1,163
Negative sound	944 ft.	\$57

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BRAZIL

LEGISLATION-

On December 24, 1937, Brazil enacted a new Exchange Law which is as follows:

Article I. - Export bills or values received from other countries may be sold only to the Bank of Brazil.

Article II. - The export bills referred to in article No. I will be distributed by the Bank of Brazil in accordance with the provisions of this decree law.

1. Daily after having attended to the necessities of the public administration the remaining coverage will be distributed in accordance with the following order of preference:

(1) Importation of merchandise and export freight charges; (2) expenses of public-utility companies; (3) dividends and profits in general; and (4) other remittances.

2. The purchasers of the bills mentioned in paragraph No. 1, with the exception of those for public administration, will pay in national currency a tax of 3 percent of the value of the purchase.

3. Duly authorized operations between banks are exempt from this tax.

Article III. - The Bank of Brazil will distribute exchange to the banks by means of delivery of the respective bill or drafts substituting them and by simple exchange of correspondence. The acts in connection with this distribution are not subject to stamp tax nor intervention of a broker.

Article IV. - The contracts of purchase and sale of export bills may be made up to a maximum period of 6 months. Contracts which are not liquidated within that period by the actual delivery of export bills will be subject to payment of new stamps equivalent to double of that previously paid.

Article V. - The Bank of Brazil may, with the authorization of the Minister of Finance, renounce, when it judges convenient, partially or totally the exclusive purchase of exchange granted to it by the present decree law.

Article VI. - The proceeds of the 3 percent tax mentioned in paragraph No. 2 of article II and the profits resulting from operations in connection with monopoly of exchange will be credited to the account of the National Treasury for the formation of an exchange fund, the application of which the Government will opportunely resolve.

Article VII. - Those infringing the above disposition will be punished by a fine which the Minister of Finance will fix between the maximum limit of double the value of the transaction and the minimum of 5 centos of reis.

Article VIII. - This decree law will enter into effect upon the date of its publication.

Article IX. - All dispositions to the contrary are revoked.

The law requiring exhibitors to show a minimum of 100 meters (328 feet) of domestic film with each program continued to sustain the 30-odd producers of news reels and short subjects. The action of the Federal Government in offering an annual cash premium for the best picture of this type produced has done much to improve the quality of domestic shorts. Despite this, however, the majority of these are technically poor, and audiences continue to regard them as a "necessary evil".

CENSORSHIP-

Brazilian censorship laws are regarded as reasonable, and their application appears to be uniformly fair throughout the entire country. Decree No. 21240 of April 4, 1932, sets forth justifiable reasons for the whole or partial rejection of a picture by the Board of Censors: (1) Offensive to public decency; (2) suggestive of crime or other unconventional acts; (3) conveying illusions which might prove prejudicial to international relations (4) insulting to race, collective groups, or religious sects; (5) offensive to national dignity or provocative of defiance to public order. Less than one-half of 1 percent of the 1,135,420 meters of film censored during the first 9 months of 1935 was rejected.

COMPETITION-

Approximately 85 percent of all the motion pictures shown in Brazil are of American make.

COPYRIGHT RELATIONS-

Protection is afforded titles which have been duly registered with the Censorship Board of the Ministry of Justice.

PRODUCTION-

Four feature films were produced in Brazil during 1937.

TAXES-

Taxes are generally regarded as reasonable. No uniform State or Federal taxes are assessed, such taxation being controlled by the various municipalities.

THEATERS-

According to estimates of those in the trade in Brazil, there are now 1,246 theaters in operation.

SOUND-

Of the 1,246 theaters in operation, 1,084 are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	12,856,031 ft.	\$258,336
Negative sound	135,458 ft.	\$2,814
1936 - Positive sound	12,731,057 ft.	\$251,724
Negative sound	54,053 ft.	\$931

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BRITISH MALAYA

LEGISLATION-

There are no laws in British Malaya prohibiting foreign exchange, nor are there any regulations or laws in British Malaya which give preference to motion-picture films from any country.

There are no quota or contingent laws in effect, none are contemplated, and it is unlikely that legislation will be enacted in British Malaya which would either reduce or prevent distribution of American motion pictures.

CENSORSHIP-

During the first 9 months of 1937, the Official Censor of Cinematograph Films, Straits Settlements, Federated Malay States, and Johore, censored 1,833 films and rejected 44. Out of 44 films rejected in British Malaya, 75 percent were American.

1. Censoring fees for censoring original cinematograph films:

(a) When the projection of the film is		for every 100 ft. or
accompanied by sound	S.\$1.20	part of 100 ft. of
		film.
(b) In other cases	.60	- do -

2. For censoring copies of original cinematograph films:

- | | | | |
|---|-------|-----|--------|
| (a) When the projection of the film is accompanied by sound | ..... | .30 | - do - |
| (b) In other cases | ..... | .20 | - do - |

- | | | | |
|--|-------|-------|----------------------------|
| 3. Upon appeal without the approval of the Censor | ..... | 1.00 | |
| and unless the Committee declares that the appeal has been substantially successful a further fee of | ..... | 10.00 | per reel up to 5 reels and |
| | | 5.00 | per reel thereafter. |
| 4. Upon appeal with the approval of the Censor | ..... | 1.00 | |
| and unless the Committee declares that the appeal has been substantially successful a further fee of | ..... | 10.00 | - do - |

The Malayan Film Censor is considered by distributors as very strict. Any theme which shows loss of prestige to the white race is banned in Malaya, this being true even of certain films which are passed in other countries in southeastern Asia, where political and racial problems are parallel. Pictures presenting political views are not strictly censored, but it is believed that any film which sponsored extreme communistic views would be eliminated. Approval is sometimes given to historical themes having scenes that would be cut from any modern theme.

The chief problem of the censor seems to be one of deciding what is suitable for the Asiatic audiences. Apparently the authorities assume that certain scenes will instill undesirable ideas among the less well-informed classes of Asiatic film goers. There is some criticism regarding the censorship in British Malaya, as most theatergoers believe that it is too strict. Murder, gangster, excessive-gunplay, and gruesome films are usually banned. There is considerable inconsistency regarding the cutting of gunplay scenes. Revolver shootings are invariably cut when carried out by individuals, but last year approval was accorded to one American film which showed shooting of very large number of Indians who were attempting to protect their lands from the whites. A recent article in a local paper stated that the main principle laid down for the guidance of the censor is to cut scenes where individuals gain their ends through violence or brutality but to allow to pass scenes showing large numbers of people doing the same thing in the same way "provided the movement is in the right direction". The actual shooting scenes by individuals are usually cut, but the audience is allowed to see the screen vil-

lain reach in his pocket. There follows an abrupt break, and then the picture continues showing the lifeless victim.

COMPETITION-

Sixty-five percent of the films shown in British Malaya are American. American films do not have very much competition in British Malaya, for the reason that the largest percentage of revenue is derived from Chinese, Eurasians, and Malays who prefer the American films because of their action. British films are popular in the cities of Singapore, Kuala Lumpur, and Penang, where the majority of the Europeans, who are British, live.

During the first 10 months of 1937, the average British film has not produced very much revenue. There have been a few outstanding British productions which have proved very good box-office attractions. The average British film, however, will not produce the same amount of revenue as the average American film for the reason stated above, that the theatergoing public prefer the American films because of their action. The tempo and deliberate action of the average British film does not appeal to the theatergoing public.

Chinese films in the Cantonese dialect are very popular in British Malaya. Their greatest appeal, however, is to an audience which would not attend American or British productions. Other Chinese dialects are not popular, as the Chinese residing in Malaya do not understand them. The Chinese Government has started agitation to have Chinese film companies produce films in the national language (Kuo-U). If they are successful in forcing Chinese film producers to use the national language it will limit their field of distribution in British Malaya, where this form of Chinese speech is not generally known or understood.

During recent months, a group of Chinese film importers have combined and formed what is known as the Overseas Chinese Films, Ltd. This new organization has a working agreement with a large Malayan distributor who has been in the business for some time. These two firms control the distribution of all worth-while Chinese studios, and they are reported to be on very friendly terms, which will be an advantage to the producers of Chinese films.

About the only Indian films imported in British Malaya are those produced in the Tamil and Hindustani languages. These films appeal to a large number of Indian immigrants, most of whom are laborers. Films in other Indian dialects are not money makers.

COPYRIGHT RELATIONS-

There is ample protection for copyrights in British Malaya, and producers secure the same protection as they do in the United Kingdom. The local copy-

right enactments are practically the same as those in the United Kingdom. Copyrights in British Malaya are protected under the Merchants Marks Act. It is only necessary for the owner of the copyright to publish a declaration of ownership in the local newspapers or in the Government Gazettes to secure full Government protection.

PRODUCTION-

During the first 10 months of 1937, two news reels were produced in Malaya. The first was made at the official opening of the Singapore Aerodrome. Sections of this news reel were distributed by British Paramount. The second production was an industrial film produced for an American rubber company on its estates in Malacca.

During the month of August a local company known as the Malayan Films, Ltd., was organized. The laboratory for this organization is now under construction. The technical work is in charge of an American who is well known in the trade in the United States. All equipment is of American manufacture, and all technicians are American. The main object of the new company is to produce news reels and topographical films. Plans of the new company are not definite, but it is believed that it will attempt to produce films which will feature native talent.

American films are not "dubbed" in the native language, but there would be no official objection to such action. The theatergoing public throughout Malaya is able to follow the theme of the story by the action and sound, and there is no advantage in "dubbing".

Malay is the predominant language of the country, but it varies in different localities. Next to Malay, Chinese is rather generally understood. In the large cities the theatergoing public have some knowledge of English.

STAXE-

There is no taxation on films in British Malaya. There is a performance tax on theaters -- imposed by the Police Departments -- the scale of which is based on the seating capacity. Cinema performances are taxed as follows:

Seating capacity less than 200 people	.....	S.\$2.00	each performance		
"	"	not less than 299 people	....	3.00	" "
"	"	not more than 399 people	....	4.00	" "
"	"	of over 400 people	.....	5.00	" "

For second and subsequent performances on the same day, half of the above fees is charged.

THEATERS-

There were 122 theaters operating in British Malaya during 1936.

The average price of admission ranges between 10 (Straits) cents, and S.\$2.

Economic conditions of the theatergoing public in British Malaya during the first 10 months of 1937 have shown great improvement over those prevailing during 1936. High prices and increased production of tin and rubber, Malaya's chief revenue-producing products, have resulted in increasing spending power, which has been reflected in the revenue of the theaters. Malaya's secondary products such as pineapples, coconuts, palm oil, sage, etc., have been in good demand. Increased wages to laborers have also helped. At the present time, the future is fairly bright, and most observers believe that conditions in 1938 will be better.

Three new theaters are under construction, and one is contemplated. The one at Seremban is expected to open in December. The new theater at Ipoh will open in May 1938. The Penang theater now under construction has not announced its opening date. A large theater is being planned in Singapore. It is expected to open the latter part of 1938.

Motion-picture distributors are very anxious for the new theater to open in Singapore, as it will be operated independently and should result in a little competition for the monopoly which has controlled the distribution of motion-picture films in this city.

Native audiences prefer films showing a great deal of action. Spectacular films are the second choice, followed by musicals and comedies. A large percentage of the theatergoing public do not patronize dramas dealing with European domestic relations, as they do not understand them, and these plays are only popular with European audiences, who contribute very little revenue.

The yearly gross income from theaters in British Malaya is not known. The Registrar of Companies does not require companies to report their income.

SOUND-

There are 96 theaters in British Malaya which are wired for sound.

Inasmuch as most of the theaters are now wired for sound films, the prospects for sales of new sound equipment are limited.

About the only demand for sound equipment will be for the new theaters and for replacement parts. Practically all the well-known manufacturers of sound equipment have representation in Singapore, and these agents are constantly on the alert for sales.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,135,290 ft.	\$65,417
Negative sound	25,301 ft.	\$905
1936 - Positive sound	2,843,504 ft.	\$60,120
Negative sound	---	---

* * *

BULGARIA

LEGISLATION-

There are no laws or regulations prohibiting foreign exchange in Bulgaria, and no laws or regulations discriminating against American films were promulgated during 1936 or during the first 10 months of 1937. The quota regulations of the Bulgarian National Bank which operated as import restrictions on motion-picture films were withdrawn about 2 years ago. The result has been an increase in imports during the past 2 years, even though transfers of payments for such imports must be made by "compensation" transactions, or the payment of an equivalent premium, which increases the cost of the films. This premium, for exchange on New York, is about 34 percent at the present time.

CENSORSHIP-

No film is allowed to be shown in Bulgaria until it has been inspected by a special censorship board appointed by the Ministry of Education, and until the proper permit has been granted for its projection. The censorship board is strictly official. The most important factors in determining the acceptance of a film are the following: 1. The film must contain nothing dangerous to the State (communist or anarchist propaganda). 2. Immoral subjects and pictures are not allowed. 3. Anything offensive to the Royal House, to the army, or to any country with diplomatic relations with Bulgaria, would not be permitted.

The censorship for permit for school projection is even more strict than for ordinary public-projection films.

It may happen that films may be found by the censorship to be inadmissible but may later be admitted if presented to a new censorship board, or if parts of the film be cut out, and, similarly, permits properly granted may later be revoked by subsequent action of the censorship board.

All films are treated in the same manner, and there is no discrimination of any kind, as regards the country of origin of the film.

During the year 1936 the Board of Censors passed on 395 films, totaling 592,002 meters. Practically all of them were sound films, with only a few short technical and news reels of the silent class. The following table shows the country of origin, number and length of films censored during 1936:

<u>Country of origin</u>	<u>Number of films</u>	<u>Length in meters</u>
United States	166	265,314
Germany	149	165,123
France	45	94,373
England	9	23,220
Russia	8	12,470
Austria	5	11,840
Other	13	19,662
Total	395	592,002

During the same period six films were rejected by the Board of Censors, of which two were American, one of which, however, was released for projection in 1937.

COMPETITION-

Forty-two percent of the films shown are American. As noted in the above table, the largest competitors of American films on this market are the German films, followed by the French. All these films are well received in Bulgaria and are preferred to domestic or locally produced films, which in fact, are few in number and inferior in quality.

COPYRIGHT RELATIONS-

There has been no change in the copyright law of July 8, 1921.

PRODUCTION-

Because of lack of capital and competent native artists and camera-men, there are no studios equipped for sound or silent film production in Bulgaria. A few short silent news reels were produced, and an historical film of about 2,400 meters under the name "Gramada" (The Pile of Stones) was made in 1935 by a Bulgarian camera-man and was projected in 1936. The reception of it, however, was not enthusiastic.

During 1936 a second Bulgarian historical film under the name of "Strahil Voivoda" was made by the National Studio Film (Bavaria), but it is not yet ready for projection.

The only other producing activity during the year consisted in collaboration with German and Czechoslovak firms (UFA and Slovia Film) using local settings and Bulgarian artists for parts of the films "Port Arthur" and "Michael Strogoff".

The predominant language of the country is Bulgarian, but French and German are understood by a large portion of the theatergoing population. American and foreign films do not need to be "dubbed" in Bulgarian. Such films in their native language, with subtitles in Bulgarian, made in this country, are preferred to the "dubbed" films.

TAXES-

In consequence of a new ticket tax for the National Theater Fund, in addition to the excise duty, local taxes on films are relatively high.

It is estimated that taxes imposed upon theaters in Bulgaria amount to 30 percent of the gross turnover, of which 17 percent is a direct tax, and 13 percent is stamp duty and the special fund tax. The taxes imposed on distributors amount to 2 percent of the gross turnover, in addition to the import duty, which is 10 gold leva per kilogram, or about 9,000 leva per film.

THEATERS-

There are 100 motion-picture theaters operating in Bulgaria, all but three of which have sound-on-film equipment. In addition to these there are several picture houses temporarily closed for lack of means to install sound equipment, and lack of good silent films on the market. The total seating capacity of Bulgarian motion-picture theaters is 40,837 seats, with an average admission price ranging from 5 to 26 leva for the larger theaters, 5 to 21 leva for those of medium size, and 4 to 16 leva for the smaller houses. At the present rate of exchange one dollar is equivalent to about 84 leva, or one leva equals approximately \$0.012.

It is estimated that the yearly gross income of the Bulgarian motion-picture houses is from 5,000,000 leva (\$1 equals 84 leva; for general calculations 1 million leva may be considered as about \$11,900) to 9,000,000 leva, of which 4,000,000 to 7,000,000 leva is gross income for the large theaters (first run) and 1,000,000 to 2,000,000 leva for the second-run (small and provincial theaters).

The type of films best liked by local audiences are the musical and romantic films. Good comic films are also popular.

Up to the present time no subsidy or assistance of any kind has been granted by the Bulgarian Government for developing the local motion-picture industry, the chief reason being that there has not yet been a serious project for producing first-class Bulgarian films.

SOUND-

Ninety-seven theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	415,098 ft.	\$9,092
Negative sound	6,728 ft.	\$200
1936 - Positive sound	695,617 ft.	\$12,379
Negative sound	---	---

* * *

CANADA

LEGISLATION-

Foreign exchange is available on an open, free market through the usual commercial banking facilities with rates controlled exclusively by supply and demand. There has been no suggestion or demand for Federal control of foreign exchange. When the market price for gold in Canada was revised upward, provision was made for an Exchange Stabilization Fund to protect the external value of the Canadian dollar, but the authority has never been exercised.

Aside from the Customs Tariff, which provides a lower rate on films from countries subject to the British Preferential rates and exempts such imports from the special excise tax of 3 percent, there is no Federal law which provides a preference for films of non-American origin. Under trade agreements with France and Poland, the lower British Preferential rate of duty is made applicable to films made in these countries and speaking the language of the country of origin. There are no quota or contingent laws in effect.

The Provincial governments of Ontario and New Brunswick request that news reels exhibited in those areas contain 50 percent British and Canadian content. This content requirement is not a law but simply a regulation of the censorship authorities, and news reels of less than the prescribed Canadian-British content merely result in a conversation between the censor board and the distributing company.

CENSORSHIP-

The Provincial governments in Canada exercise censorship of films, this being a subject beyond Federal constitutional powers. Eight of the nine Provincial governments have censor boards, and, as annual reports are on a fiscal-year basis, varying in date in the several Provinces, a consolidated statement of censorship in the market cannot be prepared. In any event the

regional government figures are likely to be misleading because in some cases distributors present five copies of a film for censorship, for example, and in other instances as many as 15 copies are presented.

Trade-association statistics of censorship for 1936 indicate that the main features submitted included 425 United States films, 35 British films, and 111 from France. This does not include short features and news reels. The total number of censorship rejections that year by all eight censor boards was 16, of which 7 were rejected by Quebec authorities. There was a higher percentage of rejections of British pictures than of United States pictures. In 1936 the rejection of United States pictures was less than 2 percent.

Short subjects and news reels are also subject to Provincial censorship, and advertising matter is submitted for review. In some cases 16-mm. films, known to the trade as amateur films and available for showing on a rental basis, are subject to censorship.

Censorship statistics for Ontario, the most populous province, are probably representative for Canada except Quebec, where French is the predominating language and the influence of the Catholic Church is strong in all social matters. In the fiscal year ended March 31 the Ontario censor board reported that their 16 licensed film exchanges submitted a total of 2,107 subjects which represented about 7,000,000 feet of film. Of the total, 1,735, or more than 82 percent, were approved without change and 369, or 17½ percent, were passed after certain deletions were made. Three subjects were not approved. Out of 26,237 specimens of advertising submitted, only 140 were required to be altered before use, and only 110 were rejected. The censor board noted a much greater number of deletions from British films than were required from those of other countries. Of 127 British films submitted, nearly 25 percent required alteration. "There have been several notable films recently dealing with British history and literature, but the board notes a strange paradox -- the best 'British' films are 'American Made'," states the report.

Censorship in Canada is not strict in the full sense of that word, and in recent years has become more liberal. For example, in 1929 there were 219 rejections. In the last 5 years the percentage of Ontario rejections has declined from 1.6 percent of total submissions to 0.2 percent. Points of objection naturally vary among the several censor boards, but the majority of complaints can be traced to moral or political reasons or a combination of the two. Internal regulation and censorship within the United States film industry is unquestionably a factor in the recent trend of reduced cuts and rejections by the Canadian authorities.

Canada, as a contiguous export market for United States films and motion-picture equipment, probably has more in common with the domestic film market than with the foreign market which the American industry serves. Geographical propinquity, similarity of living standards, style preferences, and social

organization, plus the extensive infiltration of motion-picture publicity and music via radio and magazines and identical commercial practices in distribution of films, serve to emphasize the similarity between the Canadian and the domestic American market for the motion-picture industry.

COMPETITION-

British films provide the chief competition to American films in Canada. French films cover a special field in Quebec where that language predominates and the French origin of the feature has a special attraction to the population, not provided by either British or American films. Figures of numerical releases provided earlier indicate that nearly 75 percent of the main features shown in Canada were from the United States, less than 20 percent from France, and about 6 percent from the United Kingdom. However, the extent of distribution of the films after release makes it necessary to adjust the above distribution in estimating the competitive position. The number of prints required of American and British films is greater than for French films because the latter serve only one section of the country, namely, Quebec. Accurate figures are obviously impossible, but from the standpoint of box-office receipts it is probable that American films provide more than 90 percent, British films about 5 percent, French films about 5 percent, and other foreign-language films a negligible proportion.

COPYRIGHT RELATIONS-

Canadian laws provide adequate copyright protection against piracy of imported films and features.

PRODUCTION-

Strictly speaking, there is no regular production in Canada of feature films. In 1936 Gaumont-British produced "Silent Barriers" as a narrative of the building of the Canadian Pacific Railway and some United States producers have made pictures in Canada of the Dionne quintuplets, completing the film in Hollywood. Associated Screen News Limited produces some industrial subjects and provides a news-reel service in Canada. Central Films Limited, Victoria, British Columbia, was established to produce films to meet the British quota law and claims a production to date of 10 motion pictures which have been shown in Canada, the United States, and Great Britain. Production facilities in Canada would include three plants, at Montreal, Toronto, and Victoria. Facilities for the production of motion pictures actually exist in Canada, but such production is economically impossible in the case of feature pictures and there is not a national impulse to produce pictures in Canada, such as is found in some countries, Australia for example.

TAXES-

The Federal, Provincial, and municipal governments levy taxation in various forms on the motion-picture industry.

Item 657a of the Customs Tariff, covering standard motion-picture films, positives, provides a rate of $1\frac{1}{2}$ cents per foot on imports of film entitled to British Preferential treatment (also on French-speaking and Polish-speaking films from France and Poland) and a rate of 3 cents per linear foot on imports from all other countries. In addition, films subject to duty under all tariff items must pay the sales tax of 8 percent and from countries other than those entitled to the British Preferential tariff the special excise tax of 3 percent. In computing these percentage levies, the value of positive motion-picture films has been declared to be 8 cents per foot under an order of the Department of National Revenue dated February 23, 1914. Therefore, the sales tax of 8 percent on British films is computed on the duty-paid value of $9\frac{1}{2}$ cents a foot. The sales and excise tax (11 percent) is computed on French-speaking and Polish-speaking films on a duty-paid value of $9\frac{1}{2}$ cents per foot, and the sales and special excise tax (11 percent) is computed on films from the United States and other countries on a duty-paid value of 11 cents per foot. Tariffs, representing one form of taxation, also apply to motion-picture projectors, theater equipment, and most other essentials required by exhibitors.

Motion-picture distributors, along with other corporations, must pay the regular Federal income tax of 15 percent. Where a Canadian motion-picture distributing corporation pays dividends or interest abroad, a tax of 5 percent is collected at the source. Under amendments to the income tax in May, 1936, a special additional income tax of 5 percent was levied on 40 percent of the payments, direct or indirect, from Canadian debtors to persons non-resident of Canada when such payments were in respect to the use or rights in any motion-picture film. This, therefore, represents 2 percent of payments made by distributors to non-Canadian film companies for the rights to exhibit films in Canada.

There are no amusement taxes in Prince Edward Island, Ontario, or Saskatchewan, but the other six Provincial governments levy taxes which are considered by the trade as representing rather high taxation. The provincial censorship fee may also be viewed in one respect as a tax. The Provincial governments in eight instances also levy license taxes on theaters, while the municipal governments also impose a tax on theaters.

THEATERS-

According to statistics compiled by the Canadian film boards of trade in May 1937, the number of theaters in 659 Canadian towns was 1,089, providing an aggregate seating capacity of 603,346.

SOUND-

All of the 1,089 theaters in Canada are wired for sound. There is a good replacement market for projectors and sound equipment, as indicated by the fact that in 1936 imports of motion-picture projectors, arc lamps, spot-

lights, light-effect machines, screens, portable projectors complete with sound equipment, and similar theatrical equipment amounted to \$202,379, of which the United States supplied \$200,568. The above does not include sound equipment for projectors other than portable, such goods being included in statistics for imported electrical goods. Imports of miscellaneous electrical goods, other than specific items, amounted to \$1,631,859 from the United States in 1936.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	6,110,452 ft.	\$209,357
Negative sound	4,507,801 ft.	\$175,752
1936 - Positive sound	5,110,480 ft.	\$190,372
Negative sound	4,309,436 ft.	\$160,295

* * *

CEYLON

LEGISLATION-

There are no laws prohibiting foreign exchange and none giving other countries preference over American films.

No quota or contingent laws are in effect or contemplated.

CENSORSHIP-

The censorship of all public performances is vested, under municipal bylaws, in the Municipal Commissioner, who is assisted to a very great extent by the police. The managers of the theaters are required to send to the police a synopsis of every film 3 days before it is to be shown. The police either exercise their own discretion in passing the film with or without excisions or report it to the Municipal Commissioner as containing undesirable features. On receipt of such a report the Commissioner orders a private showing of the picture, at which he is assisted by the police and a number of ladies and gentlemen competent to express an opinion, and a final decision is reached either releasing the film in its entirety or subject to excision, or completely banning it. In order to minimize inconvenience to the theaters, films that have been banned by certain authorities such as the British Board of Film Censors are blacklisted by the police and banned in advance by the Commissioner so that they are not imported.

During 1937, 13 films were totally rejected on religious, political, or moral grounds.

The first two films were rejected on religious grounds and the remainder were banned in Ceylon because boards of censors elsewhere, such as the British Board of Censors whose rulings are usually followed in Ceylon, had prohibited their exhibition elsewhere. No films were banned in part.

No strict censorship is required in Ceylon, because films imported for exhibition here have been previously examined and passed or rejected in whole or in part.

COMPETITION-

British films are the largest competitors of American films. About 60 percent of the films shown in Ceylon are of American manufacture.

American films are well received in Ceylon, but there is not as much preference for them as some years ago, inasmuch as the quality of British films is steadily improving.

COPYRIGHT RELATIONS-

As no films are produced locally, no special copyright protection is required in Ceylon.

PRODUCTION-

No motion pictures are produced in Ceylon.

TAXES-

The taxation of the motion-picture industry in Ceylon consists of: A tax on net income; an import duty of two-thirds of 1 rupee cent per foot in the case of films of British origin and 1 rupee cent per foot for films of foreign origin; an annual license fee (payable to the Municipal Council), which is based on the seating accommodation of each theater, the chargeable fees being as follows:

Seating accommodation for 500 persons or more	Rs. 500.00
Seating accommodations for 200 persons or more	Rs. 250.00
Seating accommodations for less than 200 persons	Rs. 125.00

An annual tax of 20 percent of the rental value of the property to the Colombo Municipality; an annual fixed sum of money to the Performing Rights Society, Ltd., for the music played (this tax amounts to the proceeds from the sale of all seats in the theater for one performance).

THEATERS-

There are 19 motion-picture theaters in Ceylon, of which only 16 show pictures regularly. The total seating capacity of these theaters is estimated at 11,970, and the average price of admission is Rs. 2.50 (\$0.92) for balcony seats and Rs. 1.00 (\$0.37) for orchestra seats.

English-speaking Ceylonese prefer American or British films, but non-English-speaking Ceylonese attend only films in the vernacular, the majority of which are made in India.

The estimated yearly gross income is Rs. 800,000.

SOUND-

Eighteen theaters are wired for showing sound films.

There is little prospect of selling sound equipment to theaters at present unwired, but several theaters have antiquated sound equipment that will shortly have to be replaced.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	---	---
Negative sound	---	---
1936 - Positive sound	41,034 ft.	\$1,241
Negative sound	---	---

* * *

CHILE

LEGISLATION-

As there is no local production, except for an occasional scenic short, no quota or contingent laws are in effect or contemplated, nor is there any legislation contemplated at present that might reduce or prevent distribution of American motion pictures.

CENSORSHIP-

This is not severe; 456 pictures have been reviewed by the Board of Censors so far in 1937 and only five were rejected, none of which were American. There are only two grounds for rejection, immorality and anything that might have a tendency to cause political unrest.

The showing of American films portraying the aftermath of war was prohibited by the Provincial authorities in the Province of Santiago at the request of the Ministry of National Defense, although this film had been approved by the Board of Censors. The reason given was that it tended to disparage patriotism. The Board of Censors confirmed its prior decision, and peace organizations rushed to the rescue with the result that showings of the picture were continued.

COMPETITION-

The most important competition comes from German, French, and British although the latter were probably more severely affected during 1937 by the exchange conditions mentioned than were American films. There are given below comparative figures supplied by the Board of Censors for the first 6 months of 1936 and 1937, from which it will be seen that the United States supplied 76 percent of the total feature pictures, a percentage which will undoubtedly be diminished during the latter half of the year for the reason which has been given:

	<u>1936</u>		<u>1937</u>	
	News		News	
	<u>Features</u>	<u>reels, etc.</u>	<u>Features</u>	<u>reels, etc.</u>
United States....	182	257	206	341
Germany.....	17	25	13	15
England.....	14	1	10	--
Italy.....	---	9	---	5
Spain.....	17	9	3	-
France.....	11	7	22	---
Argentina.....	3	---	4	1
Mexico.....	1	---	11	---
Soviet Union....	---	---	1	---
Arabia.....	---	---	1	---
Total.....	245	308	271	362

While American films are preferred in the better theaters, those with Spanish dialogue are more popular in second-run and neighborhood theaters.

COPYRIGHT RELATIONS-

There has been no change in the copyright law within the past year. Decree Law No. 345 of March 17, 1925, is still applicable.

PRODUCTION-

There is periodic agitation in the press for the creating of a national film industry, the undoubted scenic attractions of Chile and its favorable

climate being given as the basis on which such an industry could be developed. However, except for a few shorts sponsored by the Tourist Bureau, there is no local production nor any immediate prospects of developments along this line.

The Chilean Government established a National Theater Bureau in 1935 by Law No. 5533 for the purpose of developing dramatic art and encouraging Chilean artists and dramatists. Some efforts have been made to fulfill the objectives of this law, and the Carrera Theater is under lease to the National Theater Bureau for its spectacles. In the absence of interest on the part of Chilean capital, it is not likely that the Government would go to any great lengths to implant a domestic industry which would require such large sums as would be needed for the production of motion pictures that could compete with those from abroad.

-SC-

A few years ago some American films were "dubbed" in Spanish, the language of the country, but the results were so unsatisfactory that this was discontinued. However, lectures accompanying travel pictures are usually in Spanish, and it has been noticed that recent showings of short educational anti-crime pictures which are "dubbed" in Spanish seem to be well received. However, we are convinced that Spanish-speaking pictures would be much more popular if the Latin American accent were used rather than the Castilian, as the latter is not liked in Chile and is frequently ridiculed. Also, these voices are frequently too harsh. It should not be difficult, with the large Latin American population in the United States, to improve this aspect of picture production.

TAXES-

Taxation is high, the following rates being those assessed on theaters, distributors, and the importation of films:

Theaters:	5 percent	on profits
	10 "	admission price
	2.5 "	total sales
Distributors:	2.5 "	on sales - Sales Tax.
	.6 "	" " - Income Tax.

Imports: Law 5786 - 5 percent on the landed invoice value including duties.
Duties: Customs item No. 1824 - equivalent to approximately \$3 U. S. currency per legal kilogram at present exchange rates.

THEATERS-

It is difficult to obtain accurate figures on the number of theaters in Chile, with their seating capacity, the data on some of the northern

sections of the country being particularly meager. According to the Cinematographic Yearbook for 1937 and data obtained since this was issued early in 1937, there is a total of 233 theaters in Chile, with an estimated seating capacity of 200,000. According to the yearbook, at least 10 of these are closed, and no statistics are given on the seating capacity or the equipment of many others. Also, it would appear that there are many which do not rate the name of "theater" as Americans understand it, consisting of rooms or small halls which are used only occasionally for showing motion pictures.

The usual admission charge for orchestra seats in the better down-town theaters of Santiago is 6 pesos for the 6:30 and 10:00 P.M. shows, being somewhat less for the matinees. However, average admission prices here are:

3.40	pesos	for	orchestra	seats
1.60	"	"	balcony	"
0.80	"	"	gallery	"

The type of films best liked by Chilean audiences depends on the type of audience, as light comedies and dramas — if there is not too much conversation — are popular with the better educated while the poorer classes show a preference for adventure films, but, in general, it may be said that light musical pictures are most favored. "Alla en el Rancho Grande" was one of the most popular films, among all classes, ever shown in Santiago, combining as it did their own language, catchy songs, and a presentation of country life very similar to that known here.

The yearly gross income of motion-picture theaters in Chile is estimated to be in the neighborhood of 55 million pesos.

It is estimated that the total investment in the local motion-picture industry amounts to 125 million pesos. This covers distribution and exhibition, since there is, as previously stated, no local production.

SOUND-

According to the Cinematographic Yearbook and other sources, it would appear that there are 192 theaters wired for sound in Chile, but the representative of an American film company gives the number as 185. The only prospect for selling sound equipment would be the construction of new theaters, as, even though there may be about 50 silent ones in the country, most of these are old buildings located in the north where the population has decreased with the lessening in importance of the nitrate industry. Six new theaters were opened in Santiago during 1936, and four have been opened thus far in 1937, so it is unlikely that there will be many new ones for some time to come, as the saturation point seems to have been reached.

IMPORTS FROM THE UNITED STATES--

1937 - Positive sound	4,514,614 ft.	\$292,123
Negative sound	18,762 ft.	\$1,129
1936 - Positive sound	2,836,373 ft.	\$160,934
Negative sound	28,842 ft.	\$1,019

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CHINA

LEGISLATION--

The Mukden motion-picture law promulgated on October 7, 1937, designated the Manchuria Motion Picture Association a State Company with a monopoly of importing and exporting, manufacturing and distributing motion-picture films. American companies have announced that they would not distribute through a State monopoly.

As a result of the petition made by the representatives of the Hong Kong South China Film Producers Association and the Canton Exhibitors' Union, the Central Propaganda Bureau has granted a 3-year postponement on the ban of Cantonese films under eight specified conditions. As both the producers and exhibitors are satisfied with these concessions, a further petition jointly made by other commercial bodies and themselves for modifications of the conditions was refused and notification given to the effect that none of the eight conditions should be modified and also that no board of censors would be established in Canton.

The eight conditions laid down by the Central Propaganda Bureau (Publicity Department of the Central Executive Committee) are as follows:

1. The ban on Cantonese pictures will be postponed until June 30, 1940.
2. During these 3 years, for the purpose of advancing and unifying the national language, the Cantonese producers must both produce and exhibit short subjects in the national language with the Cantonese features in the following proportions:

First year, 10 percent should be short subjects of national language.

Second year, 20 percent should be short subjects of national language.

Third year, 30 percent should be short subjects of national language.

3. In order that the Cantonese film producers may be able to make pictures in the national language after the 3-year period, the producers should also make pictures of feature length in the national language during these 3 years in the following manner:

At least 1 national-language feature in the first year.

"	"	2	"	"	features	"	"	second	"
"	"	3	"	"	"	"	"	third	"

4. The censorship of Cantonese pictures is strictly subject to the Central Plays, Stories, and Cinema-films Censorship regulations.

5. From the 1st of August, 1936, pictures without Nanking Censorship Certificates cannot be shown in either Kwangtung or Kwangsi Provinces. (South China Provinces speak predominantly Cantonese dialect.)

6. The Central Board of Censors should cooperate with the producers by giving them every facility in handling the censorship of their films.

7. Instructions have been given to Kwangtung and Kwangsi Provinces requesting their cooperation in the enforcement of these conditions.

8. Communications have also been conveyed to the Executive Yuan, Domestic Affairs Yuan, and the Ministry of Education, requesting their efforts for the full development of the national language in the Cantonese-speaking area (including Hong Kong and the South Sea Islands).

CENSORSHIP-

Acting on suggestions contained in a petition formulated and presented by the Film Board of Trade (China), an organization representing the eight major American film companies in China, and prompted by the present hostilities, the Central Film Censorship Board has moved its headquarters from Nanking to Shanghai in order to expedite the censorship of foreign motion pictures and avoid possible delays or even loss of shipments caused by the uncertainty and partial disruption of transportation facilities between Nanking and Shanghai.

Statistics obtained from the Film Board of Trade (China) and based upon reports from the Central Film Censorship Board reveal that during the first 6 months of 1937 the following number of feature motion pictures, short subjects, and news reels were submitted to the Nanking authorities for approval:

Feature films: American, 161 (including 11 of British origin but released through American companies); Chinese, 36; German, 6; U. S. S. R., 7; British, 5.

The 161 American feature films represent a total of 354,889 meters, as compared with 166 features with a total of 594,135 meters during the corresponding period in 1936. The gain in the number of Chinese pictures submitted to the Nanking censorship board is due to the fact that the Nanking authorities now inspect all films produced in the Canton and Hong Kong area, whereas formerly all such pictures were submitted to a board in Canton which operated independently of the board in Nanking.

Short subjects: American

1 - 2-reelers.....	36
2 - 1-reelers and cartoons.....	226
3 - News reels.....	106
4 - Advertising specials.....	2
5 - British origin but released by American companies.....	5
Total.....	375

British.....	2
Chinese.....	50 reels (educational)
U. S. S. R.....	2
German.....	1 (5 reels - educational)

The 375 American short subjects represent a total of 186,694 meters, while an additional 12,000 meters in the form of advertising trailers were also submitted for inspection.

It is reported that all films submitted to the Central Film Censorship Board during the period under review were given certificates for exhibition and that several American features which were being held under advisement were passed after deletions had been made.

It is estimated that, during the first 6 months of 1937, the eight major American film distributors in China paid a total of 31,528 yuan to the Central Film Censorship Board in censor fees, while an additional 10,100 yuan was spent for translation requirements, printed forms, and in shipping costs to Nanking.

The liquidation of the Kwangtung quasi independent Provincial regime during 1936, and the amalgamation of this important area with that of the National Government had a direct effect upon the censorship requirements formerly enforced at Canton. Prior to the direct control of this area by the National Government, Canton demanded a censorship fee in addition to the fee levied by the Central Motion Picture Censorship Board in Nanking. This Canton requirement was in complete disregard of instructions issued by the Nanking authorities which stated that all films passed by the Central Motion Picture

Censorship Board were free from further provincial censorship in China. Upon the fall of this semi-independent political regime in July, the Canton Censorship Board was abolished, and all motion pictures have since been relieved of this local administration. In addition to Nanking censorship, local censorship at no additional charge is enforced in the International Settlement and French Concession at Shanghai; separate certificates are necessary for the British Crown Colony of Hong Kong for which a nominal charge is made, while films entering Manchuria (as distinguished from the South Manchuria Railway Zone) must first pass the censorship of the Department of Civil Affairs at Hsinking (formerly known as Changchun). Films entering the South Manchuria Railway Zone are charged a nominal inspection fee by the Dairen police, which permits their exhibition throughout this entire area without further censoring.

When feature motion pictures imported from abroad are submitted to the Censorship Board at Nanking for inspection, they must be accompanied by 20 printed copies of an English-Chinese translation of the story, its dialog and action, as well as a table of contents of each separate reel; 10 printed copies of the dialog and action as translated for the title slides that will subsequently be made and used in conjunction with the actual showing of the film or be subsequently engraved on the emulsion of the film itself, and 4 complete copies of the foreign-language continuity detailing the dialog and action. Shorts and news reels require 16 printed copies of a Chinese translation of the dialog, titles, and action, while trailers require 8 copies. All of the above printed matter, with the exception of the foreign-language continuities, which are generally made up in the country of origin, must be printed on special forms authorized by the Censor Board and at the expense of the distributor. The Censorship fee levied by the Nanking authorities is 20 yuan per 500 meters or fraction thereof. After the Board's approval, a license and tax fee amounting to 3.10 yuan is charged per subject. Stronger measures have recently been adopted whereby the prints of all foreign motion pictures imported into China and deemed derogatory to the nation by the Central Film Censorship Board will be confiscated. In addition to this, there are strong possibilities that efforts will be made to have every motion picture that has been judged derogatory to China confiscated and destroyed, exhibited neither in China nor anywhere abroad. It is said that any producer refusing to comply will find his product banned from China permanently.

COMPETITION-

Eighty-five percent of the films shown in China are American.

COPYRIGHT RELATIONS-

United States Commercial Treaty of October 8, 1903, provides for reciprocal protection.

PRODUCTION-

It is estimated that approximately 15 feature films were produced during 1933 in the studios of Shanghai and Canton.

TAXES-

Taxation is high and varies in different parts of the country.

THEATERS-

There are approximately 300 motion-picture theaters in China.

SOUND-

Approximately 225 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	899,276 ft.	\$14,948
Negative sound	2,402 ft.	\$38
1936 - Positive sound	1,429,056 ft.	\$23,763
Negative sound	56,780 ft.	\$496

* * *

CHOSEN (KOREA)

LEGISLATION-

Foreign Exchange Control Law No. 28, promulgated in Japan Proper on March 29, 1933, was made applicable to Chosen on May 1, 1933, by law No. 66 promulgated on April 26, 1933. In addition to the foregoing, Government General No. 40 of April 26, 1933, was issued for the purpose of controlling foreign exchange in Chosen. In general, the same laws apply in Chosen as in Japan Proper; and all foreign films shown in Chosen are first imported into Japan and later distributed in the peninsula.

There are no laws or regulations giving any foreign country a preference in the matter of motion-picture films.

The following articles of Order No. 82, dated August 7, 1934, of the Government General of Chosen are quoted as of interest in this connection:

Article 5. The Provincial Governor may, when he deems it necessary, restrict the kinds and volume of motion pictures to be shown, either for one performance, or for one month, and the showing hours therefor.

"Article 7. The Governor General of Chosen may, when he deems it necessary, order the showing of necessary motion pictures, notwithstanding the restriction provided for in article 5."

Under the authority of the above-quoted article it was ruled in 1934 and 1935 that one-fourth of all pictures shown in Chosen should be Japanese and/or Korean. During 1936 the ratio of domestic films (Japanese or Korean) was raised to one-third, and beginning with 1937 the ratio was further raised to one-half.

A very large proportion of foreign films shown in Chosen have been of American origin, imported into Japan and distributed to the peninsula.

CENSORSHIP-

According to information obtained from the censor of the Government General of Chosen, motion-picture films censored during 1936 were as follows, no data as yet being available for 1937:

	<u>1936</u>		Percentage
	<u>Reels</u>	<u>Meters</u>	<u>of total</u>
Japanese films.....	9,735	2,151,088	66 percent
American films.....	3,790	906,177	28 percent
European films.....	867	217,750	6 percent
	<u>14,392</u>	<u>3,275,015</u>	<u>100 percent</u>

No films were wholly rejected, but the following pieces and lengths were cut under an existing strict censorship to prevent the showing of films considered to be dangerous to the public peace or to conflict with native customs:

	<u>1936</u>		
	No. of	Length of	
	places	films cut	
	<u>cut</u>	<u>by censor</u>	
		Meters	
Japanese films.....	203	647.10	
American films.....	324	1,008.40	
European films.....	89	298.15	
	<u>616</u>	<u>1,953.65</u>	
			Percentage
Total length of films censored.....		3,275,015.00	
Total length of films cut by censor.....		1,953.65	0.0006
Total length of American films censored.....		906,177.00	
Total length of American films cut by censor.....		1,008.40	0.001

COMPETITION-

As indicated above, only Japanese films compete strongly with American films. About five times as much American film is shown as from all other foreign countries, which include, in the order stated, Germany, England, France, and Russia. More specifically, of the films shown, 66 percent are Japanese, 28 percent American, and 6 percent from all other countries.

American films are preferred by reason of their good acting, attractive scenery, and the insight they give into the modern ways of the Occident.

COPYRIGHT RELATIONS-

The copyright laws of Japan Proper were made applicable to Chosen by Imperial Ordinance No. 338 of August 29, 1910; and regulations for enforcing those laws were promulgated by the Ministry of Internal Affairs on July 28, 1931. That is to say, copyrights have the same degree of respect in Chosen as in Japan Proper.

PRODUCTION-

Only a small number of motion pictures are taken in Chosen, these being taken by amateurs for personal use and by Government agencies for propaganda purposes. Only slight attempts have been made to commercialize locally produced motion pictures with complete failure so far.

There are no subsidies for the motion-picture industries in Chosen. However, a sum of money is appropriated by the Government each year for motion-picture films for education, advertising, and official propaganda.

American films are not "dubbed", though there would be no objection to doing so in the two predominant languages -- Korean and Japanese. English-language films must be presented to the censor with two explanatory pamphlets or the whole spoken part translated into one of the local languages. Translations, in ideographs, of titles and substance of films are shown for those not understanding English.

TAXES-

The following shows rates of taxes on theaters in several cities and sections of Chosen:

Cities, towns,
and villages

Rate of taxes

Seoul.....	3 percent of the total receipts.
Kunsan.....	50.00 yen per month.
Shingishu.....	3 percent of the total receipts.
Genzan.....	The same amount as the highest admission fee for 3 persons.
Mokpo.....	1.00 yen per day.
Some towns.....	0.3 to 0.5 percent of the total receipts.
Rural districts.....	1.5 to 5 percent of the total re- ceipts.

Distributors selling films pay a national business tax of 12/10,000 of the amount of sales and prefectural tax of about the same amount.

Distributors renting films pay a national business tax of 7/1,000 of the amount received in rents, and about the same amount to the prefecture.

Distributors, acting only as agents, pay a national business tax of 10/1,000 of the amount of their commissions, together with a similar amount to the prefecture.

The import duty on films is set forth in Item 2, Article 636, of the Japanese Import Tariff; viz.,

	<u>Unit</u>	<u>Rate</u>
Films for photographs:		
2. Developed	1 <u>kin</u> , including inner package	11.13 yen

(1 kin is equal to 1.32277 lbs.)

THEATERS-

The number of motion-picture theaters in Chosen is 56, though films are shown at about 65 other theaters and halls.

The following statement regarding motion-picture entertainments, audiences, and admissions was furnished by the Statistical Department of the Government General of Chosen:

	Number of motion-picture <u>shows in 1936</u>	Number of audiences <u>in 1936</u>	Admission <u>fees</u>
Motion-picture theaters	16,935	6,795,416	Y1,762,435
Other theaters	7,067	1,430,812	353,451
Other places	3,220	666,103	135,025
	<u>27,222</u>	<u>8,892,331</u>	<u>Y2,250,911</u>

The average price of admission to motion-pictures in Chosen in 1936 was 0.25 yen, or about 8 cents American money. In Seoul the highest admission is 1 yen, or about 30 cents, and the lowest is .10 yen, or about 3 cents.

Dramatic, romantic, tragic, and comedy films appear to have equal popularity. Owing to the present China emergency, war and battle films are viewed with special interest.

SOUND-

Forty-six theaters are wired for sound films, 24 having American equipment and 22 Japanese equipment.

According to local dealers, one or two new theaters will desire to obtain American sound equipment, and about 15 existing theaters would like to install American equipment in place of the present Japanese equipment; however, by reason of the "Chosen North China Emergency Tax Ordinance", promulgated on August 12, 1937, projectors and parts and accessories thereof imported or sold shall be subject to an ad valorem tax of 20 percent in addition to the import duty of 40 percent provided for in articles 553-1 and 554-2-A of the Japanese Import Tariff, a tax that makes installation difficult and unlikely at present.

* * *

COLOMBIA

LEGISLATION-

None.

CENSORSHIP-

The censorship of films comes under the direct control of the National Government in accordance with the provisions of Censorship Decrees Nos. 331 and 700 of 1932. Boards of censorship in each Departmental capital, consisting of three members and three alternates (five members and alternates in the City of Bogota), serving without remuneration, review pictures in each Department. Once a picture has been passed by two members of any departmental board of censors the law prescribes that it may be exhibited throughout the

Republic without further censorship. However, in practice certain departmental boards of censors insist upon approving a previously censored picture before allowing it to be shown in the district under their jurisdiction. Censorship is not strict.

COMPETITION-

Approximately 80 percent of the features released in Colombia are American-made. During the past year there has been a considerable increase in the number of British features displayed, and also some increase in the number of French, German, and Mexican pictures shown.

COPYRIGHT RELATIONS-

Colombian basic copyright law dates from 1886, and subsequent laws do not specifically deal with motion pictures. Present copyright laws are considered inadequate. Colombia is not a member of the International Convention. The following laws and decrees make up Colombian copyright legislation:

Law 32 of 1886, Decree of 1886.

Law 57 of 1887, Decree 1226 of 1922.

Law 104 of 1922, Decree 1708 of 1930.

PRODUCTION-

There are no studios in Colombia, production being limited to occasional news reels and advertising films.

TAXES-

The National Defense Tax of 10 percent on gross receipts of motion-picture exhibitions, established by Law 10 of 1932, was modified by Presidential Decree effective as of March 1, 1935, as follows: 5 percent on tickets up to and including 20 centavos, 6 percent on tickets from 21 centavos to 30 centavos, 7 percent on tickets from 31 centavos to 40 centavos, 8 percent on tickets from 41 centavos to 60 centavos, 10 percent on tickets of over 60 centavos.

This reduction represents a saving of about 3.5 percent of the former tax, and lowers direct taxes on the motion-picture exhibitor to about 20 percent as compared to 23.5 percent previous to the recent decree.

Poster taxes: For one-sheet posters, 0.80 centavos per set of 30; for two-sheet posters, 1.60 pesos per set of 30; for three-sheet posters, 2.40 pesos per set of 30.

THEATERS-

There are approximately 250 theaters in Colombia.

SOUND-

Of the 250 theaters, 230 are wired for sound motion pictures.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,272,980 ft.	\$76,114
Negative sound	14,126 ft.	\$230
1936 - Positive sound	3,411,393 ft.	\$77,103
Negative sound	14,126 ft.	\$230

* * *

COSTA RICA

LEGISLATION-

Official exchange control has been in effect since 1932, but in practice foreign exchange is readily available. If exchange is available as a result of Costa Rican exports to a particular country, first preference is given to the utilization of such funds to pay for imports from that country.

There are no quota or contingent laws in effect or contemplated, nor any laws giving other countries preference over American films.

CENSORSHIP-

All of the 325 films shown since January last have been censored, of which none were rejected.

COMPETITION-

The largest competitors of American films are Mexican. Of the total number of films shown in 1937, 80 percent have been American. American films are well received, but at the same time there is a demand for films in the Spanish language.

COPYRIGHT RELATIONS-

Protection from piracy is supposedly accorded copyrights and foreign producers, but, in a recent case, existing legislation was found to be actually ineffective for protection against piracy. (Raventos vs. V. Saenz).

PRODUCTION-

There is no domestic film industry in Costa Rica.

Language "dubbing" in films shown in Costa Rica has not, as yet, gained popular approval. Foreign films shown in Costa Rica are not required to be "dubbed" with the Spanish language.

The language of the country is Spanish.

TAXES-

Taxation is not excessive. A tax of 5 percent of the gross box-office receipts is imposed by the Government. Another tax of 5 percent is imposed on the net receipts (income tax). This latter tax applies to practically all businesses. Import duties under Item 82 of the Costa Rican Tariff are charged at the rate of 1.50 colones (\$0.26) per kilo on all films. No exception is made in the case of news reels.

THEATERS-

There are 39 theaters in Costa Rica, having a total seating capacity of 23,427.

The average admission prices in the capital are 60 centimos to 1 colon (\$0.10 to \$0.18), and in the Provinces 30 to 60 centimos (\$0.05 to \$0.10).

Gross income at theaters in Costa Rica during the year 1936-37 amounted to \$196,811.94.

Films with a definite, serious plot are preferred to musical comedies.

The total investment in motion-picture theaters in Costa Rica is estimated at 3,000,000 colones (\$534,759.35).

American films take approximately two-thirds of the total gross income of Costa Rican theaters, or about 736,076 colones (\$131,207.84).

SOUND-

There are 39 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	456,937 ft.	\$6,242
Negative sound	---	---
1936 - Positive sound	439,258 ft.	\$5,316
Negative sound	---	---

CUBA

LEGISLATION-

There are no laws prohibiting or restricting foreign exchange, nor are there any laws giving films of other countries preference over American films.

No quota or contingent laws are in effect or contemplated.

At present, there is no legislation which would tend to reduce or prevent the distribution of American motion pictures.

Educational films were exempted from import duty by Decree No. 541, published in the Official Gazette and made effective on February 15, 1937, which was enacted in application of the provisions of the "International Convention for Facilitating the Circulation of Educational Films", ratified by Cuba on April 30, 1936.

After defining educational films in accordance with article I of the international convention, the decree provides for their exemption from import and export duties and supplementary taxes, etc., and for similar exemption for sound-reproduction accessories, provided that the films have been recognized as educational by the National Commission of Educational Films established by the same decree. Requests for duty-free importation may be made by institutions recognized as educational or cultural by the Department of Education.

A bill introduced into the House of Representatives during the year provided for the exclusion of children under 12 years of age from motion-picture theaters other than those in which only pictures suitable for children are shown. The bill provided for the establishment of a commission to pass on whether or not films were suitable for children.

Provision for the establishment of a National Motion Picture Board was made in a bill passed by the Cuban Senate on June 2, 1937, and referred to the House of Representatives. The function of the Board, according to the proposed measure, was to promote the development of a Cuban motion-picture industry by providing for the encouragement of local talent and the regulation of picture production. The activities of the board were to be financed through the sale of a \$100,000 issue of postage stamps. This bill was similar to one introduced in the Senate last year.

CENSORSHIP-

No films are known to have been rejected during 1937, although minor changes in a number of pictures were made at the suggestion of the Film Censorship Board.

Censorship in Cuba is not strict. The censoring function is exercised by a Film Censorship Board under the jurisdiction of the Department of the Interior (Gobernacion), which judges films from synopsis sheets and photographs. The Board is empowered to determine whether or not a picture may be exhibited and to suggest changes in films to render them suitable for exhibition.

Distributors of news-reel films are no longer being asked to eliminate scenes showing salutes of the factions engaged in the Spanish civil war.

COMPETITION-

Spanish-language films, produced principally in Mexico, Argentina, and Spain, are the largest competitors of American films. French and British pictures are the next most important competitors. Competition from German films is unimportant.

From 75 to 80 percent of the films shown are American, and American films are generally well received and are preferred to locally-produced films. However, certain individual films imported from other countries may from time to time bring a greater gross return than most American pictures.

COPYRIGHT RELATIONS-

Copyright Act 1909 by Presidential Proclamation of November 17, 1902, extended April 9, 1910, and December 9, 1920. The new Patent and Trade-Mark Law of 1936 gives special protection to motion-picture films apart from that given under the copyright law. The trade mark of the manufacturer or producer must have been registered prior to the application for registration of a film. The application must be held by the producer or assignee in Cuba.

PRODUCTION-

There was one feature-length film produced in Cuba during 1937. This film entitled "La Serpiente Roja", was produced by the Royal Advertising News Co., Habana, and depicted the exploits of a fictitious Chinese detective radio character of great popularity in Cuba. It is reported that the film was a great box-office success for a limited period of time. The only other films produced in Cuba during 1937 were advertising shorts and news-reel shots.

Production facilities are not adequate for the production of feature pictures, and the industry is not well financed. Production technique is greatly inferior to that of American films.

Although several distributors have tried to introduce American films "dubbed" in Spanish, the results have not been successful. Cuban audiences apparently prefer to hear actors speak in their own voices rather than hear

others speak for them, even though the technique is good, the voices similar, and the language Spanish.

Spanish is the predominant language in Cuba, although English is widely understood, especially by the more well-to-do classes of the population. There is no requirement that foreign films be dubbed in Cuba.

There is no Government subsidy to encourage the production of motion pictures in Cuba. During 1937, as in previous years, there has been considerable publicity in the periodicals and newspapers of the island advocating the fostering of a domestic motion-picture industry; but to date nothing has been actually done toward this end beyond having a bill for the creation of a National Motion Picture Board introduced into the Senate.

TAXES-

Taxation is not high. Aside from the import duties and minor taxes, it amounts to $4\frac{1}{2}$ percent of the gross intake.

Theaters are required to pay a municipal license tax, a tax of $1\frac{1}{2}$ percent of the gross intake and a tax of 8 percent of the gross profits. Distributors are subject to a municipal license tax ranging from \$100 to \$750 and taxes of $1\frac{1}{2}$ percent and 3 percent on the gross rentals. In addition, there is a scaled stamp tax on the face value of contracts signed by exhibitors and distributors, $\frac{1}{4}$ percent remittance tax, and a maternity tax of $\frac{1}{2}$ percent of the gross payroll.

The import duty on motion-picture films prepared for exhibition imported into Cuba from the United States is \$4.80 per net kilo which is 20 percent less than the lowest duty applicable to films imported from other countries. In addition to the duty, there is a surcharge of 10 percent of the duty and a consular invoice fee of 2 percent of the f.o.b. value, port of exportation.

THEATERS-

The number of theaters in operation in Cuba is about 375, of which 80 are in the Habana metropolitan area. There are no data as to the total seating capacity of the motion-picture theaters in Cuba; but 70,000 would be a fairly accurate estimate of the total seating capacity of the theaters in the Habana area. The average admission price is \$0.10. The first-run theaters in Habana charge as much as \$0.60 for the better pictures. Numerous smaller theaters charge as little as \$0.05 per person.

In order of preference the types of pictures preferred by Cuban audiences are: Spectacular action films (films containing some sort of a religious appeal are especially well liked); musicals, both the spectacular and operetta types; drama, including comedies, small musicals, program pictures, etc.

Historical romances are well received, and comedy pantomines are very well liked.

The yearly gross income at theaters may be estimated at about \$3,000,000. Probably about 70 percent of the gross intake is derived from the Habana area.

SOUND-

Virtually all of the 375 theaters are equipped with sound apparatus. The chief market for sound apparatus is in the equipping of new theaters as these are constructed.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	5,801,007 ft.	\$115,358
Negative sound	79,399 ft.	\$1,321
1936 - Positive sound	5,370,519 ft.	\$106,580
Negative sound	64,840 ft.	\$1,020

* * *

CZECHOSLOVAKIA

LEGISLATION-

Foreign-exchange control has been exercised in Czechoslovakia since October, 1931, and the Czechoslovak National Bank is the administrative body. Czechoslovak branches of American motion-picture distributing companies have experienced intermittent delay in effecting remittances to their home offices because the National Bank does not place remittances of rentals and earnings on an equal exchange footing with regular merchandise imports.

There are no motion picture regulations in force in Czechoslovakia today which can be construed as giving other foreign countries official preference over American films. Notwithstanding the payment of a high import registration fee of 20,000 Czechoslovak crowns* per feature, the local system of registration, adopted November 16, 1934, to supplant the former contingent system provides basically for a free market.

Except for transactions concluded by one company which was bound by contractual relations, no American sound features were sold by any large producers from April 30, 1932, to February 8, 1935, the date on which American producers resumed distribution on the local market.

* One Czechoslovak crown equals \$0.035 U. S. currency at the present rate of exchange.

Negotiations regarding the return of American pictures to the market were conducted several times in 1933 and in 1934 without result, owing to refusal of the Government to modify existing control. At the end of October 1934, negotiations were resumed.

An instruction of the Ministry of Commerce, published in the Official Gazette of November 16, 1934, and effective on that date, set forth certain new regulations applying to the import of exposed motion-picture films. The provisions thereof, with subsequent amendments, were as follows:

1. Exposed motion pictures may be imported only by individuals, companies, or juridical persons who possess a trade license for producing or dealing in such films and who comply with the provisions set forth in this instruction, provided that upon their own application they are entered in the register of importers by the Ministry of Commerce. Import licenses are not transferable and will be issued to the exchange which will distribute the respective films in the country.

2. Applications for an import permit are to be submitted through the Czechoslovak Association of Film Industry and Trade in Prague.

3. Each importer must in advance and at his own expense, show the picture to the Film Advisory Committee.

4. Each sound feature film imported into Czechoslovakia and approved by the Film Advisory Committee must be entered into the register of imported sound feature films, which is kept by the Association of Czechoslovak Motion Picture Producers in Prague.

Imported silent pictures, sound features up to 700 meters in length, and nature (scenic), sport, news, and documentary pictures must be entered into the register of other imported pictures, kept by the Association of Czechoslovak Motion Picture Producers in Prague.

Imported sound industrial advertising films must be entered into the register of imported sound industrial films kept by the Association of Czechoslovak Motion Picture Producers in Prague.

5. Entry in the register may be made only when the applicant submits a certificate from the Ministry of Commerce showing that there are no objections to the import of the picture under consideration.

6. Only after the importer submits evidence that the picture has been entered in the register will the Ministry of Commerce issue to him an import permit for Customs clearance and a certificate designated for the Ministry of Interior to be presented when the picture is submitted for censorship.

7. Imports of exposed motion-picture films will be permitted in Czech language versions and in the language version of the country of origin. Dubbing of imported films to be shown in Czechoslovakia into another language is permitted only in cases when dubbing has first been done in the Czech language. All copies of imported films shown in a version of the language spoken by a local minority must be provided with superimposed titles in the Czech language. The titles must be made in Czechoslovakia. Exceptions from the above provisions may be granted by the Ministry of Commerce after a hearing before the Film Advisory Committee.

8. Importers of news reels must include, weekly, at least 20 percent of the total meterage of quality Czechoslovak sound news and must have all copies of news reels made in that country.

9. Whoever imports a minimum of five sound feature pictures during a 12-month period must prove prior to October 1 of each current year that he is offering for distribution at least one cultural-propaganda short produced in Czechoslovakia in accordance with the suggestions confirmed by the Film Advisory Committee. A producer of a sound feature picture may be released from this obligation following a hearing by the Film Advisory Committee, provided said producer's feature contains sufficient cultural subject matter.

10. A Film Advisory Committee to the Ministry of Commerce is herewith established. Besides the chairman its members are:

- (a) A representative of the Ministry of Commerce,
- (b) A representative of the Ministry of Education,
- (c) A representative of the Ministry of Foreign Affairs,
- (d) A representative of the Ministry of Finance,
- (e) A representative of the Ministry of National Defense,
- (f) A representative of the Czechoslovak Association of Motion Picture Industry and Trade,
- (g) A representative of the Association of Czechoslovak Motion Picture Producers,
- (h) A representative of the Central Association of Czechoslovak Motion Picture Theater Owners,
- (i) A representative of the Czechoslovak Film Union,
- (j) A representative of the Czechoslovak Film Company.

The Minister of Commerce appoints the chairman of the Film Advisory Committee, as well as the representatives of the various trade organizations upon the respective recommendations of said organizations.

The representatives of the various Ministries are appointed by the respective Minister.

Each representative may have two alternates, their appointment being subject to the same provisions applying to the representatives.

The Minister of Commerce shall at his own discretion call experts to participate in the activities of the Film Advisory Committee in an advisory capacity.

11. The Film Advisory Board is to render decisions:

- (a) On questions regarding the regulation of imports of motion pictures.
- (b) On what imported pictures should be entered into the register of other films, kept by the Czechoslovak Association of Motion Picture Producers.
- (c) On questions regarding Czechoslovak film production and its promotion.

Because the new instruction failed to contain a time clause and because United States companies considered even the new regime as being discriminatory against American pictures in favor of German sound films, they did not return to the market, and no further negotiations were carried on until January 14, 1935, when an agreement was reached with the Czechoslovak authorities. The American companies accepted the major points of the new regime in principle, as it provided basically for a free market. In return the Americans procured a concession which enables them to bring in, without payment of the regular 20,000 crowns registration fee, 1 picture dubbed in German for every 8 American sound features imported. The companies distribute the dubbed film in sections where English sound features have no market because of German competition, i. e. in certain districts specifically designated by the local authorities where the majority of the population is German. The granting of this concession, which was important because it presented to American films operating in the market a unique opportunity of amortizing German dubbed films which they are obliged to produce in Germany and Austria in order to remain in those markets, assured the return of American companies, and they resumed distribution on February 2, 1935.

A total of 16 such dubbed films were brought in under this arrangement during 1936, and so far as can be ascertained at this time, 13 were imported during the first 10 months of 1937.

The Czechoslovak Association of Motion Picture Industry and Trade, which is the local distributors' association, withdrew its representative from the Film Advisory Committee in October, 1937. This action was taken because of apparent disagreement between the Association and the Board of certain basic questions, particularly on the question of subsidizing local features. Local distributors, it is understood, had scheduled production of a considerable number of features with the A-B and other domestic studios and had

anticipated greater subsidies than the Board stood willing to grant. American distributing branches, it will be remembered, stepped out of the Czechoslovak Association of Motion Picture Industry and Trade on March 7, 1936, and combined themselves into an independent organization known as the Federation of Film Import and Trade in the Czechoslovak Republic, because the voting power in the Association of the local branches of American companies was not commensurate with their importance in the import and distribution trade and therefore they could not afford to have the Association speak for them on problems presented to it. Back in 1934, when the local film regulations were changed to provide for a registration system instead of the former contingent system, the Czechoslovak Association of Motion Picture Industry and Trade was entrusted with the keeping of the several registers into which imported pictures were to be inscribed. Because of the fact that this association stepped out of the Film Advisory Committee, the maintenance of the registers has been entrusted to the Association of Czechoslovak Film Producers.

A revision of the Czechoslovak direct tax law in July 1936, increased the tax on income from franchise charges, patent rights, royalties, inventions, etc., accruing to foreign principals from 6 percent to 12 percent. Income on rentals accruing to foreign motion-picture companies was not assessed the former 6 percent tax, but the local branches of such companies have been informed unofficially by the Minister of Finance that such income will be assessed the 12 percent rate. No American branch company has paid these taxes to date, and the Film Advisory Board is expected to back up the distributors in their endeavors to have the application of the tax to film rentals waived.

CENSORSHIP-

Practically speaking, there is a dual system of censorship in Czechoslovakia, the first reviewing body being the Film Advisory Committee (often called the Prescreening Commission) which advises the Ministry of Commerce whether or not a certain picture should be permitted entry. The second or regular censorship is under the Ministry of Interior.

A total of 300 feature pictures were reviewed by the Prescreening Commission during 1936, and of this number entry permits were refused 23 American sound features, 29 German, 3 British, 3 French, 1 Austrian, and 1 Hungarian.

The ratios of pictures refused entry to authorized imports for 1936 were: United States, 17.7 percent; Germany, 37.2 percent; Great Britain, 25 percent; France, 17.6 percent; Austria, 4.5 percent; and Hungary, 12.5 percent. As regards the ratio of American pictures rejected it should be pointed out that only 13 of the 23 pictures refused were products of the 5 American film companies maintaining distributing branches in Czechoslovakia and that these 5 organizations accounted for 108 of the total 130 American features brought into Czechoslovakia during 1936.

In the same year the Board of Censors of the Ministry of Interior reviewed 327 features and 9 of them were banned, 7 being American and 2 German. During the first 10 months of 1937, 243 feature films were passed by the Board of Censors. There were 100 features of American origin, of which 13 were German versions.

Prescreening and regular censorship are both very strict. Most rejected American films are turned down because of alleged "political blunders" or "bad social example".

COMPETITION-

Germany is the largest competitor of the United States on the Czechoslovak market with respect to sound features, followed by Czechoslovak productions. A virtual monopoly is enjoyed by American companies in the short comedy field.

Of the total 318 sound features released by the censors in 1936, 136 (42.8 percent of the total) were American, 82 (25.8 percent) German, 31 (9.7 percent) Czechoslovak, 22 (6.9 percent) Austrian, 19 (6 percent) French, and 12 (3.8 percent) British, other countries supplying 16 (5 percent). The United States supplied 87 percent of all the short (up to 600 meters) comedies and 35 percent of all news reels. Preliminary returns for the first 10 months of 1937 disclose that of the 243 feature pictures passed by the censors, 100 were American, 57 German, 32 Czechoslovak, and 14 each French and Austrian.

American films are very well received, and leading American picture stars are very popular. A well-made American picture with prominent stars is preferred to a domestic production, but a locally produced film has distinct preference over a second-rate American feature.

COPYRIGHT RELATIONS-

Reciprocal declarations between Czechoslovakia and the United States were exchanged April 27, 1927. Citizens of one country are assured full copyright protection in territory of the other country. This went into effect March 1, 1927, under United States Copyright Act of March 4, 1909, and Czechoslovak Copyright Law of November 24, 1926, and amendment made thereto in Law of April 24, 1936.

PRODUCTION-

According to preliminary returns, production of 47 Czechoslovak sound feature films (including foreign versions) was completed during the first 11 months of 1937. It is likely, therefore, that the tentatively scheduled production program for 1937 of 54 features may be attained. Censorship figures indicate that 32 Czechoslovak features were released for showing in the first 10 months of 1937, including 1 French and 2 German versions.

The Czechoslovak Government is assisting domestic film production through direct subsidies granted from the proceeds of registration fees collected on imported features at a rate of 20,000 crowns per feature and through the granting of Government guarantees (since October, 1937) on Czechoslovak motion-picture productions up to 50 percent of the calculated cost of such productions, provided the total amount of such guarantees does not exceed 10,000,000 crowns.

The Association of Czechoslovak Motion Picture Producers, which now administers the proceeds of import registration fees, pays to the producers of Czechoslovak sound films, within the limits of these funds, a maximum subsidy of 210,000 crowns per film under the following conditions, as amended to date:

(a) The producer is to submit the complete scenario to the Film Advisory Committee at least 3 weeks before starting production.

(b) The Film Advisory Committee, under regulations adopted October 27, 1936, shall classify contemplated Czech feature productions into four categories: (1) those which the Committee does not recognize and therefore grants no subsidy; (2) those which the committee recognizes and accords a subsidy of 70,000 crowns; (3) those which the committee recognizes and recommends and accords a subsidy of 140,000 crowns; (4) those which the Committee considers of exceptional quality and accords a subsidy of 210,000 crowns.

(c) Upon approval of the scenario by the Film Advisory Committee and upon submission of proof by the producer that production has been started in a local studio, the Association will pay 70,000 Czechoslovak crowns to the producer.

(d) The remainder of whatever subsidy is awarded the producer is to be paid to the producer when the finished film is approved by the Film Advisory Committee, which may refuse payment in total or in part if the quality of the film is not satisfactory.

(e) Producers of educational or propaganda films approved by the Film Advisory Committee will receive a subsidy fixed by the Film Advisory Committee.

Indirectly, the Government assists local production through a law passed in 1931 which provides that cinemas must run Czech programs during 8 weeks of each calendar year.

Production facilities are considered more than adequate for the volume of domestic features absorbed by the cinemas. Two studios are operating in Czechoslovakia, namely, "A-B" and "Foja", the latter having opened in 1937.

The "Host" studio, which has been in financial difficulties since it was opened (and even before) in 1934, is not producing at present. It has procured Government guarantees of credits in an amount of 4,100,000 crowns and is now negotiating for further Government support. A new limited-liability company called "Aktualita" with a capital of 7,000,000 crowns was established in May 1937, for the purpose of exploiting the Czechoslovak news-reel field. This new venture is meeting with considerable success, and the "National Newsreel" is apparently a source of pride to the company. The "Sunfilm" color laboratory, likewise opened in 1937, has only a nominal amount of business.

As a whole, the local film-producing industry is not too well financed. An indication of this, aside from the "Host" case, is the fact that domestic studios are not undertaking many productions themselves but merely "shooting" them for other firms. Thus, out of a tentative domestic production schedule for 1937 of 54 features only 3 are "A-B" and "Foja" films, the remaining 51 being produced for 29 various local distributors. The "A-B" studios showed a net profit of 247,000 crowns in 1936, as against 282,000 crowns in 1935.

Technique is not comparable with American films. Some of the photography is extremely good, but a market limited for most Czech pictures to the local population (slightly over 15,000,000) cannot stand the cost of elaborate sets.

There is no objection to American films "dubbed" in the native language, which is the Czech language. However, since the "dubbing" process is relatively costly and the use of the "dubbed" film would be limited to the Czechoslovak market, the conventional practice is not to "dub" but to superimpose Czech titles. These titles must be made in Czechoslovakia.

Foreign films need not necessarily be "dubbed" in the country, but the regulations provide specifically that "dubbing" of imported films to be shown in Czechoslovakia in a language other than the language version of the country of origin is permitted only in cases where "dubbing" has first been done in the Czech language. Thus, if the distributor of an English-speaking film already imported into Czechoslovakia desired to "dub" it into German for showing in Czechoslovakia, it would first have to be "dubbed" into the Czech language.

TAXES-

Taxes are very high, existing municipal entertainment taxes average 35 percent of gross receipts in sound theaters and 25 percent in silent theaters. The Ministry of Interior has prepared and has had under advisement for a considerable period the draft of a law which would lower these rates to about 20 percent and 15 percent, respectively, and, in addition, establish differential tax rates for films rated according to cultural value.

In addition to these assessments on box-office receipts, cinemas, as business enterprises, must pay regular business taxes. For joint-stock companies and limited liability companies the special profits tax is assessed. The basic rate is 9 percent of the net taxable income plus "profitability surtaxes" which vary according to the amount of earnings distributed. Individuals and establishments engaged in business, except companies subject to special profits tax, are subject to the general profits tax, the basic rate of which is 2.5 percent. In addition, surtaxes ranging as high as 400 percent of direct taxes assessed are collected in behalf of municipalities and other public corporations. New taxes to be known as "national defense contributions" and "extraordinary profits taxes" are now under consideration in Parliament.

Distributors pay regular business taxes referred to above, as well as the general 3 percent turnover tax. Branches of American companies operating in this market together with independent distributors buying films abroad may find it necessary to pay the 12 percent tax on remittances to foreign principals, which have been discussed above.

Aside from the basic 20,000-crown registration fee which must be paid when a feature film is imported, there are about 10 various fees that must be paid before the feature reaches the actual distribution stage. On an average feature these supplementary charges total about 1,975 crowns.

THEATERS-

The last census of Czechoslovak motion-picture theaters, taken at the beginning of 1937, shows that there are 1,847 theaters (302 showing daily, 681 two to six times weekly, and 864 once weekly) as against 1,833 on November 1, 1935, the date of the last previous census and 1,955 at the close of 1933. The total seating capacity is 593,312 persons.

Motion-picture theater admission prices vary from 1 Czechoslovak crown to 13 Czechoslovak crowns, the average being about 4 crowns.

Judged on the basis of audience reaction and theater attendance it may be said that big star features, regardless of whether they are comedy or drama, are best liked. Taking several pictures all equally cast, motion-picture distributors report the following order of preference: (1) adventure pictures, (2) comedies, including musical comedies, (3) dramas.

The gross income at all Czechoslovak cinemas in 1936 was estimated at 380,000,000 crowns.

An accurate figure on the total investment in the local motion-picture industry is not obtainable. Reliable observers place such investments at an estimate of 300,000,000 crowns, divided about as follows: Production, 30,000,000; distribution, 50,000,000; exhibition, 220,000,000.

SOUND-

Of all theaters, 1,608 are wired for sound, representing an increase of 265 since November 1, 1935, and leaving only 239 houses without sound equipment. The present potentialities of the market for sound equipment in silent theaters is therefore limited and confined to small units. Considerable American sound equipment is installed in Czechoslovakia, mostly on a rental basis. The outlook for new sales depends largely on replacements and possible new technical developments in the sound equipment field.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,375,092 ft.	\$25,012
Negative sound	31,002 ft.	\$411
1936 - Positive sound	1,946,244 ft.	\$39,336
Negative sound	23,279 ft.	\$369

* * *

DANZIG

LEGISLATION-

On May 2, 1935, the Danzig gulden was devaluated by 42 percent. This was followed a short time afterward by the introduction of a system for the control of foreign-exchange transactions in the Free City. Persons in possession of foreign exchange, or coming into possession thereof, can dispose of it freely. However, before any importation can be made, a permit must be obtained from the Office for Supervising Foreign Exchange. Such a permit is obligatory whether payment is to be made in gulden or foreign exchange. For the purchase of foreign exchange with gulden, a permit is also necessary.

There are no laws in Danzig giving other countries preference over American films.

Since May 13, 1936, a technical prohibition on the importation of all goods into the Danzig-Polish customs territory has been in force. In order to effect the entry of goods into Danzig, formal permission must be obtained, through the Danzig Chamber for Foreign Trade, from the Polish Ministry of Commerce, Warsaw.

The principal factor determining the distribution of films in Danzig is that, according to those connected with the motion-picture business in Danzig all of the films shown in this city are rented from film exchanges in Germany. Therefore, the determining factor in the showing of films in

Danzig is the policy adopted in Berlin. There are no film exchanges in Danzig nor are motion pictures produced there professionally.

CENSORSHIP-

There were 636 films censored during the year beginning September 30, 1936, and ending October 1, 1937, none of which were rejected.

Since all the films coming to Danzig have been accepted previously in Germany, the local censoring of films is purely nominal.

COMPETITION-

Of the 636 films shown in Danzig during the year (September 30, 1936 - October 1, 1937), 506 or 80 percent were German, 84 or 13 percent were American, 25 or approximately 4 percent were Austrian, and the rest were from other countries. Recently American films have been better received. During the quarter of July, August, and September, 1937, American films amounted to 18 percent of the total shown. No films are produced locally.

COPYRIGHT RELATIONS-

The copyright laws and relations of Danzig are based on, and are similar to, those of Germany.

PRODUCTION-

There is no production of films in Danzig.

German is the predominant language of Danzig, 98 percent of the population being German. Foreign films are usually "dubbed" in German in Germany.

TAXES-

According to information received from the Danzig Tax Office, the income tax in Danzig is higher than in Germany, while the local turnover tax amounts to 1.5 percent as compared with 2 percent in Germany, and the trade tax amounts to 11.8 percent.

In addition to the above-mentioned taxes, there is a so-called amusement tax of 15 percent per ticket, which may be reduced to 8 percent, depending upon the political, moral, or cultural value of the films. Deposits made with the customs authorities for the entry of films are returned upon their being remitted out of the Danzig-Polish customs territory. There are no film distributors in Danzig.

THEATERS-

There are 22 motion-picture theaters in Danzig, with a total seating capacity of 7,768.

Admission prices vary between 15 and 45 cents. Light musical comedies are best liked.

SOUND-

Twenty-two theaters are wired for sound.

* * *

DENMARK

LEGISLATION-

As in other recent years, motion pictures during 1937 were not affected by the existing system of control over Denmark's foreign purchases. A new foreign-exchange control law is now being considered by Parliament to take the place of the present law, which expires on March 31, 1938. The bill represents a maintenance of the existing system of control over Denmark's foreign trade and capital movements, although with slight modifications in the application of the system. So far as can be ascertained the new law will not operate to restrict the importation of motion-picture films.

The importation of motion-picture films with Danish text has been forbidden by order of the Ministry of Justice. This prohibition is designed to protect the two Danish manufacturers of film texts, A/S Nordisk Film Co. and Johan Ankerstjerne, both of Copenhagen.

The motion-picture commission, after spending 4 years investigating conditions, recently completed its report, which was handed to the Minister of Justice. It is planned to use this report, which has not yet been made public, as the basis of a new motion-picture law. General dissatisfaction has been expressed with the present motion-picture law, and a revision is expected early next year.

Information gathered from the trade points to the following as the three main proposals of the report: (1) creation of a special fund to finance the production of educational pictures, cultural and travel films and films of artistic value, (2) the establishment of a Government film exchange to control the production of the above-mentioned type of films as well as to supervise the importation of such films, and (3) formation of a motion-picture council of seven members, appointed by the Minister of Justice on the recommendation of the Minister of Education, to serve as an advisory body to the authorities on motion-picture film and cinema matters.

Local cinema owners at times are somewhat disturbed by fears of a gradual change-over to municipally operated motion-picture theaters. The last occasion for these apprehensions was in November when a license to operate a cinema was granted to the municipality of Hjørring. Contacts in the trade, however, state that they do not anticipate any such revolutionary step. This opinion has been confirmed by the Minister of Justice, who issues the licenses. In a press interview the Minister was emphatic in his denial that there is any trend in the direction of municipally operated houses.

CENSORSHIP-

The Danish Film Censor in the fiscal year 1936-37, ended March 31, reviewed a total of 2,460 films (including copies and advertising films) having a total length of 1,820,897 meters, as compared with 2,187 films with a total length of 1,713,120 meters in the preceding year. Of these films 382 were feature films (over 1,500 meters), having a total length of 846,555 meters, and 265 were copies of features, with a total length of 674,955 meters. The year before, 398 feature films and 259 copies were reviewed. The Censor's office also reviewed 372 short subjects with a total length of 40,860 meters (364 the previous year); 618 news reels, topical films, etc., aggregating 173,850 meters (566 the previous year); 153 comics totaling 35,275 meters (113 the previous year); 369 advertising films totaling 13,787 meters (367 the previous year); and 301 16-mm films aggregating 43,585 meters, for the most part local news reels.

Of the 2,460 films of all types (including copies) examined by the censor in 1936-37, 1,056, having a total length of 920,700 meters, were American; 905 (of which 369 were advertising films of less than 25 meters), with a total length of 338,942 meters, were Danish; 264, aggregating 254,125 meters, were German; 79, totaling 105,295 meters, were Swedish; 56, totaling 90,835 meters, were French; and 42, totaling 53,245 meters, were English. In the table which follows is given a list of the films (including copies) reviewed by the censor in 1936-37, classified by country of production:

	<u>Number</u>	<u>Meters</u>
United States.....	1,056	920,315
Denmark.....	905*	338,942
Germany.....	264	254,175
Sweden.....	79	105,295
France.....	56	90,835
England.....	42	53,245
Austria.....	25	37,795
Switzerland.....	10	1,250
Russia.....	7	6,225

* Included in this total are 369 advertising films under 25 meters.

	<u>Number</u>	<u>Meters</u>
Italy.....	6	1,215
Norway.....	4	300
Czechoslovakia.....	3	7,280
Poland.....	2	3,325
Netherlands.....	1	700
Total	2,460	1,820,897

The 647 feature films (including copies) reviewed by the Board of Censors in 1936-37 were divided as follows by country of production:

United States	332
Denmark.....	102
Sweden.....	40
Germany.....	91
France.....	35
England.....	24
Austria.....	16
Czechoslovakia.....	3
Russia	3
Poland.....	1
Total.....	647

No silent feature films were exhibited in 1936-37. The screening of silent films is limited to the 16-mm news reels, some of the advertising films, and a few of the shorts.

No films were rejected by the censor in 1936-37. Ninety-one films (including copies), with a total length of 195,890 meters, were forbidden for children, as compared with 86 films and 194,930 meters, respectively, in 1935-36. A total of 867 meters was cut from 45 films (including copies) in 1936-37, as against 1,427 meters clipped from 48 films in the preceding year.

All films shown publicly in Denmark must be approved by Statens Film-censur (the Government Film Censor), Frederiksholms Kanal 27, Copenhagen, who is under the jurisdiction of the Ministry of Justice. In general Danish censorship is not severe, although careful consideration is given to gangster films before they are passed.

Children under 16 years are not admitted to films forbidden for children.

Censor fees are 6 ore per meter (1 krone equals 100 ore, about 22 cents) for Danish and foreign feature films and for shorts with a plot. News reels and advertising films pay 3 ore per meter.

COMPETITION-

Trade contacts state that 211 feature films were released during the first 9 months of 1937 as compared with 229 for the comparative period of 1936. American releases declined in number from 147 to 125. On a percentage basis the drop in American leadership was about 4 percent from around 64 percent in 1936 to about 60 percent in 1937. German and English films also were lower both in number and in percentage of the total. French and Swedish producers registered the only gains among the leaders, the first named increasing their participation from only 9 films, or 4 percent, in 1936 to 24 pictures, or approximately 11 percent, in 1937, while the share in the market of the Swedish producers was up from 10 films, or 4 percent, in 1936 to 16 films, or almost 8 percent, in 1937. In the table which follows is given a summary of the number of feature films released during the first 9 months of 1937 as compared with the same period of 1936:

	(9 months)	
	<u>1936</u>	<u>1937</u>
American.....	147	125
German.....	41	23
English.....	11	7
French.....	9	24
Swedish.....	10	16
Austrian.....	2	2
Russian.....	1	4
Czechoslovakian.....	-	2
Japanese.....	-	1
Hungarian.....	1	-
Yugoslavian.....	1	-
Danish.....	6	7
Total.....	229	211

In the calendar year 1936 a total of 309 feature pictures were released, as compared with 305 in 1935.

French films considerably bettered their position in this market in the winter of 1936-37, when they changed from pictures received with indifference by the public and mistrust by the exhibitors to best-sellers. Most of the French successes were films in a lighter vein. The film "La Kermesse Heroique" ran for more than 12 weeks at a centrally located theater and is said to have brought in a net of about 100,000 crowns. German and English films, generally speaking, were disappointing. In the opinion of many, the English films were poorer than at any time since the advent of the "talkies". The German pictures leave the impression that the industry is on a reorganization basis, and actual results achieved in the Danish market were few. Russian pictures are shown only infrequently and have no popular appeal. Several of the Danish pictures

were quite poor, this past year; some of the theater owners in the provinces, the stronghold of domestic films, report a smaller attendance at Danish pictures and stress the importance of an immediate improvement. At the same time other domestic films made a good box-office record. For example, two of the Asa pictures drew 225,000 persons each during the first 3½ weeks of their Copenhagen run.

The number of film distributors has increased in late years, and at present there are around 32 operating in this market, giving local theater owners a wide choice of films. There are six American film distributors, several of which import a few European films from time to time. Of the remainder the following, all of which are located in Copenhagen, are the most active:

<u>Name of company</u>	<u>Films distributed</u>
Gloria Film A/S	American, French, Swedish
Finlandia Film	Finnish
Gefion Film	Swedish, German
Nordisk Films Kompagni A/S	Danish, German
Aero Film	German, French
Filmaktieselskabet Nordlys	German, Austrian
Bolvig Film	American, French, English, Swedish
Fotorama Filmbureau A/S	French, German, English, Swedish, Italian
Dansk Svensk Film	Swedish
Skandinavisk Film	American, German, French, Czechoslovakian
Film-Centralen-Palladium A/S	Danish, German, Austrian, French, American
Constantin Films A/S	French, English
Kosmofilm A/S	French
Vald. Skaarup	Russian, French, German
Panther Film	English
Europa Film	French

Fifteen of the distributors, including the six American branches, are joined together in Foreningen af Filmsudlejere i Danmark (Association of Film Distributors in Denmark).

The Danish film-producing companies distribute their own films.

Local distributors rent out motion-picture films to first-run distributors on a percentage basis amounting to 30 percent of box-office receipts, exclusive of tax. Second-run houses pay 25 percent. No guarantee is required, and bloc booking is not practiced.

COPYRIGHT RELATIONS--

The laws of the country protect copyrights on a reciprocal basis. The Nordisk Films Kompagni which controls the Scandinavian patent rights to the so-called "noiseless intensity system" exacts a fee of 350 crowns for each

picture using that system shown in Denmark from four American companies who have signed a special agreement with the Danish company.

One American company refuses to sign an agreement with Nordisk Films Kompagni and continues to import its own re-recorded films. Another American company imports a few re-recorded pictures as well as films using the patented system for which it pays a special fee of 700 crowns per picture. All other companies pay 1,000 crowns per picture.

PRODUCTION-

The Government does not subsidize the domestic film industry. A subsidy or assistance in the form of exemption from the 40 percent tax on box-office receipts has long been advocated by local producers and the question of State support has been considered by the motion-picture commission. In the meantime three of the Danish film companies have been met part way, as a measure of assistance has been yielded through their being granted licenses to operate motion-picture theaters. Nordisk Films Kompagni now controls the Paladsteatret and its director controls Kinopalaet, while Palladium will open its own theater in January in the center of Copenhagen, and Asa Film has been granted a license to build a theater in one of the suburbs of Copenhagen.

There are five motion-picture companies producing feature films. A list of the domestic producers follows:

Filmatelieret Asa A/S, Copenhagen	
Nordisk Films Kompagni,	"
Palladium A/S,	"
Dana Film,	"
Gefion Film,	"

The first three producers own their own studios. The studio owned by Nordisk Films Kompagni has three stages and one sound-recording apparatus, a Danish Petersen & Poulsen recorder. The Palladium Studio has three stages, a Bofa sound system made by Bang & Olufsen of Struer, Denmark, and one sound-recording truck. Filmsatelieret Asa A/S has a studio with two stages and an American sound-recording system. Dana Film rents the studio of the Nordisk Films Kompagni, while Gefion Film uses the Palladium studio. In addition to the three studios mentioned above, there is a fourth owned by Fotorama Film-bureau A/S, Copenhagen, which is not producing feature motion pictures but is specializing in shorts and advertising films.

Thirteen feature films were produced by the domestic industry in 1937, as compared with only 6 in 1936. Five films were produced by Asa, three by Nordisk Film Kompagni, three by Palladium, one by Gefion, and one by Dana Film, a new company formed in the summer of 1937. Two of the Nordisk Film Kompagni productions were cast with Swedish actors, and the outdoor shots

were taken in Sweden and Lapland. All the studio scenes were made at the Nordisk Film Studio at Copenhagen.

The Asa studio was built in 1936. This company has a production schedule of from 3 to 5 films a year. It is reported to have a working arrangement with Europa Film of Stockholm whereby the Asa films may also be produced with Swedish players at the Copenhagen studio. One such film was made by the Swedish company in 1937.

Nine of the pictures were comedies, two were dramas, and one was a revue film made up of the 24 best numbers from the various summer shows. The length of these Danish films ranged from 2,045 meters to 3,115 meters. The average length of a Danish picture is 2,500 meters. The table which follows lists the feature films produced by the domestic industry in 1937 and gives the name of the producing company and the length and type of each film.

<u>Name of film</u>	<u>Producing company</u>	<u>Length, meters</u>	<u>Type of film</u>
En fuldendt Gentleman (A Perfect Gentleman)	Asa	3,115	Comedy
Froken Mollers Jubilaem (Miss Miller's Jubilee)	Asa	2,850	Comedy
Den kloge Mand (The Quack)	Asa	2,610	Drama
Der var engang en Vicevaert (Once There Was a Janitor)	Asa	2,950	Comedy
Alarm	Asa	2,900	Comedy
Laila	Nordisk Film	2,500	Drama
Mille, Marie og Mig (Mille, Marie and Me)	Nordisk Film	2,820	Comedy
Stavansbaandet (Bondage)	Nordisk Film	2,800	Historical
Plat og Krone (Head or Tails)	Palladium	2,445	Comedy
Incognito	Palladium	2,500	Comedy
Kongens Blaa Matroser (The King's Blue Sailors)	Palladium	2,800	Comedy
Det Bdgyndte Om Bord (It Began On Board)	Gefion	2,045	Comedy
Cocktail	Dana	2,240	Revue

In addition to the above, Dansk Film Co. A/S, Copenhagen, made a special film for release in connection with the 25th anniversary of the coronation of King Christian X. This picture, which was 2,475 meters in length, showed a cavalcade of the last 25 years of Danish history.

Fotorama Filmbureau A/S, Copenhagen, is engaged in the production of some 10 traffic propaganda films for the Ministry of Justice. A large number of copies will be made, as these pictures will be shown in practically all Danish motion-picture theaters before the feature film. They take 5 minutes to screen. The Ministry of Justice is empowered to force theater owners to exhibit these pictures.

It is generally held that Denmark should produce at least 20 feature films a year. At present only 12 to 15 domestic productions are turned out yearly, and they cannot be compared with American, French, German, or English films. The local companies do not have the money, manuscripts, or "stars". Under these conditions most Danish films cannot be sold in foreign countries. Being dependent, therefore, on the rather limited Danish market, the domestic companies feel impelled to try to make pictures that appeal to all ages from 5 to 80 years. The producers therefore predicate their program on rather broad comedies, interspersed with a few melodramas. In general they enjoy a wide degree of popularity locally because of the language and the personal understanding that seems to exist between the public and the actors. For the average Danish film fan, attending a domestic film is comparable to looking at the family album. But as the novelty of the Danish-made sound film wanes, the public has become more critical of the local productions. The press reviewers also are taking a much more severe attitude after several years of silence as regards the low standard of output.

It is stated that the average Danish comedy costs from 100,000 to 150,000 crowns to produce. Salaries paid the players range from 15 crowns to 100 crowns a day. A supporting player receives from 25 crowns to 50 crowns a day. Extras generally are paid 15 crowns. Several of the best-known stars command about 10,000 crowns a picture. One of the most pretentious films produced locally in recent years cost around 400,000 crowns, but it was filmed jointly with a Swedish company and was exhibited in both Denmark and Sweden.

The two most recent box-office hits of Nordisk Film are reported to have grossed around 840,000 crowns each. Of these amounts the Government took 40 percent, or 240,000 crowns, in tax, the exhibitors received 30 percent of the balance, or 420,000 crowns, while the producer pocketed the remainder, or 180,000 crowns. Local producers state that as long as the risk is so great and the gain so small it is difficult to improve the quality of Danish films.

The best seats in the larger motion-picture theaters in Denmark cost 1.75 crowns, of which amount the Government takes 40 percent in tax, leaving a net of 1.25 crowns. The exhibitor pays 30 percent of this sum, or 37 ore, to the distributor, who in turn is reported to spend approximately 20 percent of his share, or 7 ore, in preparing the film for distribution and in advertising. The net return to the distributor on the most expensive seats is 30 ore. This is also said to be what the domestic producers, all of whom have their own distributing companies, receive. On an average it is calculated that the net income per spectator is 25 ore. On this basis the domestic

producers maintain that if a film costs 150,000 crowns to produce, it must be seen by 600,000 people to get it "out of the red".

The language question presents no serious problem in this market. The original language with a brief superimposed Danish text at the bottom of the picture is preferred. No "dubbed" pictures are shown.

Possibilities for an increased showing of Danish films in the Swedish market have been considerably improved by the acceptance by the director of Svensk Filmsindustri, which controls 113 motion-picture theaters in Sweden,

of a place on the board of directors of Nordisk Films Kompagni. In the past the Swedish market has not been very receptive to Danish films. The Petersen and Poulsen patents, which are used by the Swedish industry, are said to have paved the way for this closer working arrangement. Swedish versions of several of Nordisk Films' best pictures will be made at the company's studio at Copenhagen with Swedish actors. During the past several years the Swedish company has been financially interested in two of Nordisk Films' biggest productions.

The production schedule of the Danish film industry calls for about 12 films to be turned out by local studios in 1938. The most interesting film at present under production, which will be completed early next year, is an historical film being made by Nordisk Films Kompagni. The subject treated by the film is the emancipation of the Danish peasant from villenage, the 150th anniversary of which takes place in 1938. The cost of the project, it is said, will exceed 400,000 crowns, making it Denmark's most expensive sound film to date.

TAXES-

A tax of 40 percent of the box-office receipts is imposed upon the local motion-picture industry. Films of special social or educational value may be exempted from the tax by the Ministry of Justice. Tax exemption has been granted the domestic historical film at present being produced by Nordisk Films Kompagni.

For years Danish producers have fought for such a preference for all Danish films. Occasionally it has happened that a domestic film has been relieved of the tax burden, but always on the condition that the amount of the tax be deducted from the ticket price, thus extending only an indirect benefit to the producer. In the present case the producer is permitted to collect the customary admission price, and the 40 percent that usually is paid to the Government in tax will go to the producer.

For the fiscal year 1935-36, ended March 31 (the latest year for which statistics are available), the amusement tax on motion-picture theater tickets yielded 7,013,133 crowns as compared with 6,491,725 crowns for the preceding

fiscal year. Of these amounts 3,708,432 crowns was returned by Copenhagen motion-picture theaters in 1935-36, as against 3,378,978 crowns in 1934-35.

Forty-five thousand crowns, or about 0.03 percent of the net box-office receipts, is paid annually by the Association of Provincial Motion-Picture Theaters to Koda in the form of a license fee for the music accompaniment to the sound films. This tax is divided among the various provincial theaters as follows: 90 pay 30 crowns; 35 from 30 to 50; 24 from 50 to 75; 29 from 75 to 100; 40 from 100 to 150; 23 from 150 to 200; 18 from 200 to 300; 8 from 300 to 400; 3 from 400 to 500; and 4 from 500 to 1,000 crowns. The tax on gramophone music is paid by the individual theaters direct to the Koda office at Copenhagen. A fee is also paid to Koda for music delivered together with advertising films, without regard to whether the music is recorded on records or on a sound track on the film.

The sum of 171,250 crowns was paid in 1936-37 by Danish motion-picture theaters to the Government in the form of operating licenses. This tax was divided among the cinemas as follows:

<u>Number of theaters</u>	<u>License fee</u>
128	Kr. 0
55	150
23	300
33	500
93	800
14	1,800
8	2,500
4	5,000

The import duty on exposed film is 70 ore per kilogram.

THEATERS-

On April 1, 1937, there were 358 motion-picture theaters in Denmark, an increase of 6 houses over the 352 in operation the year before. Only some 175 of these theaters give daily performances, and best estimates place the number of what might be called active houses at around 320. Forty-four of the cinemas are located in Copenhagen, 159 are found in the provincial towns, and 175 are situated in the country districts.

No statistics are available regarding the total seating capacity of Danish motion-picture houses. However, an approximation of the total may be gathered from the table set forth below, which lists Danish cinemas according to seating capacity and number of yearly performances:

<u>Number of theaters</u>	<u>Seats</u>	<u>Performances</u>
128	Up to 500	Up to 151 yearly
55	" " "	" " 300 "
23	" " "	" " 400 "
33	" " "	" " 500 "
93	" " 800	" " 850 "
14	" " 1,000	" " 1,200 "
8	" " 1,200	" " 2,000 "
4	Over 1,200	Over 2,000 "

Greater Copenhagen (including suburbs and Frederiksberg), with a population of approximately 900,000, had 44 motion-picture theaters on January 1, 1937 with a total seating capacity of 27,705 as compared with the same number of theaters and 26,874 seats the year previous. Of the 44 theaters, 17 seat up to 500 persons, 22 from 500 to 1,000, and 5 over 1,000. The seating capacity of the three largest Copenhagen cinemas is as follows:

*World Cinema.....1,856
 Paladsteatret.....1,728
 Kilo-Palaet.....1,244

* This theater shows motion pictures only during the winter months, as in the summer it is taken over by a circus.

Five new theaters were constructed during 1937, of which three were in Copenhagen and two were in the provinces. The seating capacities of the three new Copenhagen cinemas are 880, 800, and 500, respectively. A sixth new motion-picture house, seating 805 persons, was opened in Copenhagen in the fall, when a suburban summer revue theater was converted into a winter cinema. It is the policy of the authorities to favor the granting of licenses for the operation of motion-picture theaters in the suburbs of Copenhagen, and in 1937 all the new theaters were opened in those districts. They are all fully modern, well equipped, and comfortable and show first-run films. Early in 1938 Denmark's most modern motion-picture theater, seating 1,500 persons, will be opened by Palladium A/S, a local producing company. The theater is centrally located and has cost about 1,000,000 crowns to erect.

Approximately 20 of the older theaters were rebuilt or modernized during the year. All of the reconstructed theaters were outside of Copenhagen. An estimate of the average cost of reconstruction is 30,000 crowns, making the total expended for rebuilding purposes in the neighborhood of 600,000 crowns.

If present plans materialize 10 new motion-picture theaters will be constructed in greater Copenhagen in 1938 and 3 will be rebuilt. One of the new houses is to be a news-reel theater.

No theaters are owned by foreign motion-picture producers, and there are no chain theaters, both such forms of ownership being impossible under the provisions of the Danish motion-picture law.

On the basis of the amusement tax returns it can be calculated that total box-office receipts in 1935-36 approximated 17,533,000 crowns, as compared with 16,230,000 crowns in the preceding year. Statistics pertaining to greater Copenhagen indicate that the steady increase in cinema attendance recorded in late years continued through 1936, when ticket sales numbered 11,361,000 as compared with 11,028,000 in 1935 and 10,081,000 in 1934. Evidence that this trend is uninterrupted in 1937 can be had from the results of ticket sales for the first three quarters of 1937, when 6,715,085 admissions were paid at Copenhagen theaters as compared with 6,496,932 in the January-August period of 1936, a gain of 218,153, or about 3 percent. The gross box-office receipts of the 44 motion-picture theaters in greater Copenhagen aggregated 13,247,000 crowns in 1936 as against 12,774,000 crowns in 1935, an increase of not quite 4 percent. During the first 8 months of 1937 the gross revenue from ticket sales to the same theaters totaled 8,149,057 crowns, as compared with 7,697,845 crowns for the like period of 1936, a gain of about 6 percent.

Reports from 264 provincial theaters reveal that the net box office receipts (not inclusive of the amusement tax) of 58 houses are less than 5,000 crowns, while 48 theaters net between 5,000 and 10,000 crowns. This means that 106 theaters, or 40 percent of those outside Copenhagen, have net box-office receipts of less than 10,000 crowns. Thirty-three theaters are said to net from 10,000 to 20,000, 71 between 20,000 and 50,000, 39 between 50,000 and 100,000, and 15, or 5½ percent of the total, over 100,000 crowns.

Prices of admission for adults at the first-run theaters are 1.05 crowns, 1.40 crowns and 1.75 crowns, and at the second-run houses 70 ore, 1.05 crowns, and 1.40 crowns (all prices include a State tax of 40 percent).

The larger theaters in most cities generally give only two performances on week days, at 7.10 and 9.10 p.m. and as many as five shows on Sundays and holidays at varying hours. In Copenhagen there are three or four houses that run five or six showings daily, beginning with matinees at 2 p.m. In case of "hits" the larger theaters sometimes schedule an extraperformance at 4 p.m. In Copenhagen the number of shows ranges from 16 to 35 per week, and in the provincial cities from 3 to 14 a week. Each performance is generally about 1 hour and 50 minutes.

The usual program consists of one feature film together with either a cartoon film, a short comedy, or an educational or scenic film. The two last-named types are usually shown in conjunction with German feature films. News reels are not commonly a part of the program. Advertising films and slide advertisements are screened at the beginning of the performance and

during the intermission in the middle of the show when refreshments are sold. The motion-picture program is not supplemented by vaudeville selections.

There is one news-reel theater in Denmark, located in the main railway station at Copenhagen. This theater gives a continuous performance from 2 p.m. to 11 p.m. In addition to news reels, travel, educational, scenic, sport, cartoon films, etc., are shown. This theater reports an attendance of 552,227, or 1,556 daily, in 1936-37 (ending March 31), as compared with 553,193, or 1,536, daily in 1935-36. This theater was open 355 days in 1936-37 and played 3,109 1-hour performances.

Five small Copenhagen cinemas specialize in showing two full-length films on the same program. Very few of these features are first releases.

Motion-picture programs generally are changed on Monday. Feature films usually run one week in the larger theaters. Box-office "hits" are prolonged for as long as from 2 to 16 weeks. In 1936 four of the leading Copenhagen theaters had only 14, 15, 15, and 19 premiers, respectively, owing to the exceptional appeal of the pictures exhibited. During the first 9 months of 1937 one Copenhagen house has had only 4 premiers, a second only 5, and a third and fourth only 8 each. The increased participation of the domestic industry also is of interest. One of the Danish films released this year was shown simultaneously by nine of the leading Copenhagen theaters. Other Danish films have had premieres at 6 or 7 theaters. The domestic films usually have "runs" of several weeks at each theater. These factors possibly explain the drop in the number of features released from 229 in the first 9 months of 1936 to 211 for the same period of this year. The erection of new first-run theaters tends to counterbalance this trend.

Biographical pictures, dancing and singing films, detective stories, and gangster films are well received and attract large audiences. As respects the gangster films it is worth mentioning that they create an unfortunate impression of American life. They are also being subjected to an increasingly severe censorship.

A few American colored pictures have been exhibited with good results. "Zigeunerprinsessen" (The Gipsy Princess), said to be the first European (English) colored film, was shown in September with success. The critics wrote that "for the first time the eyes were not tired by the color".

SOUND-

Three hundred and forty-eight picture theaters are wired for sound in Denmark. There is little prospect of selling original sound equipment, as all Danish cinemas of importance are wired and the few and unimportant theaters still unwired are not potential buyers. Most of the present business is confined to service and replacements and a small business in equipping the new theaters built each year.

The type of equipment commonly found in local cinema theaters with less than 500 seats in the Danish "Bofa", manufactured by the firm Bang & Olufsen of Struer, Denmark. Other leading makes are Zeiss Ikon, an American machine, Bauer, A. E. G., and Philips.

Three of the five new theaters constructed in 1937 purchased Bang & Olufsen sound equipment, while A. E. G. and Bauer machines were installed in the remaining two. Data covering 13 of the 20 or more rebuilt theaters reveals that Bauer equipment was placed in 4 and A. E. G. machines in a like number, while Bang & Olufsen wired 3 houses and Zeiss Ikon 2.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,835,450 ft.	\$77,631
Negative sound	5,494 ft.	\$273
1936 - Positive sound	4,331,194 ft.	\$87,211
Negative sound	101,752 ft.	\$1,635

* * *

DOMINICAN REPUBLIC

LEGISLATION-

There are no laws or regulations in the Dominican Republic prohibiting or restricting foreign exchange. Neither are there any laws or regulations which give any country a preference over American films. The legislation in force is limited to such as affects censorship and taxation, as will be seen under various headings below.

CENSORSHIP-

The local censorship board has kept no records of the number of films censored, but it is reported that during the year 1937 only one film has been rejected. This film was known under the Spanish title "Camino de Perdicion" and is understood to have been made by an independent and not well-known producer, whose name the censorship commission was unable to supply. The film was declared to be unfit for minors, and its exhibition was therefore prohibited.

In general it may be stated that censorship is not very strict. It is not very well organized and is exercised in a rather capricious manner. While the chief censorship board is a municipal organization in Ciudad Trujillo, it is understood that the educational authorities (national) also exercise certain censorship rights which are ill-defined and which these authorities are believed to possess by virtue of their general duties to guard over the

morals and education of youth rather than by virtue of any specific law or regulation.

Furthermore, in the interior or Provincial towns the inspectors of public education or instruction are understood to exercise a sort of censorship independent of both the municipal board and the central educational authorities at Ciudad Trujillo. Exhibitors state that these Provincial authorities frequently act in an arbitrary manner, but apparently no records are kept of their decisions and the reasons therefor. It was intimated that rejections on the part of the Provincial authorities are invariably based on alleged deleterious influence upon the morals of youth.

The censorship, as it exists at present, is based on a number of municipal ordinances and perhaps even more on powers that the censorship authorities have simply assumed. However, rejections are so few in number that exhibitors prefer not to contest the decisions of the boards or educational authorities and invariably withdraw the films.

COMPETITION-

No exact data regarding the percentage of American and other films are available. Film distributors estimate that at the present time from 75 percent to 80 percent of all films shown are American. The chief competitors, which account for the remainder, are Mexican, Spanish, Argentine, and British, in about that order.

It is also believed that during the last year or two the percentage of American films shown has declined. This decline is due chiefly to the fact that better Spanish-language films have been produced. For years after the advent of the talking film, the cinema-going public of the Dominican Republic greatly preferred American films, because of their superiority. English talking films, with legends in Spanish, were readily accepted. But since the language of the country is Spanish, it is natural that Spanish talkies should be preferred to English, when other features are equal. During the past year or two a number of very good all-Spanish films have been exhibited, and it is not at all improbable that this tendency will increase in direct proportion to the increase in the number of really good Spanish films that are made available in Spain, in Mexico, or in the Argentine.

COPYRIGHT RELATIONS-

No copyright laws exist which would adequately protect a foreign producer from piracy.

PRODUCTION-

There is no film industry in the Dominican Republic and so far as can be ascertained, there has never been any effort to start one.

There is no objection to American films "dubbed" in the native language, which is Spanish. However, it is only natural that Spanish talking pictures will have a much wider appeal, provided that they are good from both a technical and artistic standpoint. For this reason it has been possible in recent years to introduce a larger number of Spanish, Mexican, and Argentine films.

Spanish is the language of the Dominican Republic. While a large number of persons, particularly those in business, have a fair reading knowledge of English, it is doubted whether any large number of these people understand English well enough to catch the dialogue or text of the picture.

While there is no regulation, so far as can be ascertained, which requires that films be "dubbed" in the Spanish language, both business prudence and responsibility toward the public require that they be "dubbed". Failure to do so would surely adversely affect patronage.

Translations of titles are usually very close unless a title is too idiomatic to permit its translation. Occasionally, however, the original English title is ignored and an entirely new Spanish title is assigned which is more expressive to the Spanish mind and which has a greater box-office appeal. The "dubbing" of films and changing of titles rarely takes place in the Dominican Republic itself. Most films shown are drawn from Puerto Rico, where these operations are undertaken to satisfy the requirements of the large number of inhabitants of that island who are unfamiliar with the English language.

TAXES-

Taxes paid by the motion-picture theaters are relatively high. In the first place there are the taxes paid on the theater itself and the operating license. Theater owners are compelled to pay a half-yearly tax of 20 cents for each seat in the house or for each 16 inches of seating space in the theaters that are equipped with benches instead of individual seats. A surtax of 10 percent of this tax is also paid semiannually, the surtax being allocated to the chambers of commerce. The operating license is \$25 semiannually, plus a surtax of 10 percent.

An admission tax of 1 cent on tickets costing 20 cents or less, or of 7 percent of the value of all tickets above 20 cents, must also be paid. These admission taxes, which are modifications of the taxes previously existing, are effective from January 1, 1938.

The import tax on films, according to paragraph 870 of the Customs Tariff of 1920, is 15 percent ad valorem, and there is also a 15 percent ad valorem internal-revenue tax under paragraph 141 of Law 854 of March 13, 1935. In practice, however, these taxes are never paid, since all films are imported under bond to reexport them within 4 months. Four months affords ample time to show a film in all theaters of the country. Practically all films are leased

from distributors, or companies' representatives, in San Juan, Puerto Rico, regardless of the origin of the film.

THEATERS-

There are 22 theaters in the Dominican Republic, of which 8 are in Ciudad Trujillo, 2 each in La Vega, Moca, Puerto Plata, San Pedro de Macoris, and Santiago de los Caballeros, and one each in Azua, Barahona, La Romana, and San Francisco de Macoris. The total seating capacity of these 22 theaters is 9,370.

Admission prices vary between 5 cents and 40 cents in Ciudad Trujillo and between 5 cents and 30 cents in the provincial towns. These price ranges obtain in the various theaters of the cities and towns and do not depend on the theater, but on the film that is exhibited. The admission price for the first showing of a first-class film in Ciudad Trujillo is 40 cents (on very rare occasions 50 cents); in the Provinces it is 30 cents. The admission price for the second and subsequent showings at the same or another theater of the same town is usually reduced until, just before the film is withdrawn and reexported, women in some instances may be admitted free if accompanied by a male escort who pays 5 cents. There are no theaters that have a fixed and uniform admission price for all performances, nor theaters that have exclusively premiere performances. Except for first showings, there is, as a rule, a difference in the admission price of men and women, the latter paying 5 or 10 cents less than the men.

The film which seems to receive the largest patronage is the spectacular, historical show. Musical pieces are next in order. In the third place may be put romantic shows with little or no music. Then come news reels and comic films.

No data are available regarding the gross income of the theaters. It is believed that the income has increased during the past 2 years, partly because several new theaters with modern equipment have been opened and partly because several theaters which previously existed have installed new sound equipment.

SOUND-

All of the 22 theaters in the country are wired for sound in some way. Only 3 in Ciudad Trujillo (Apolo, Rialto, and Independencia) have good sound equipment. Others in Ciudad Trujillo and all in the Provinces are in need of new apparatus. The owners, however, will scarcely install new equipment at the present time. Some of them are not in a financial position to do so, others are unwilling to do so, because the income of the theaters under present conditions would not, in their opinion, justify the additional outlay.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	4,508,303 ft.	\$13,527
Negative sound	7,784 ft.	\$275
1936 - Positive sound	2,851,650 ft.	\$9,321
Negative sound	2,400 ft.	\$204

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EAST AFRICA

LEGISLATION-

There are no laws inimical to American motion-picture interests in this market. There are no quota or contingent laws in effect, and none are contemplated. There are no exchange difficulties.

CENSORSHIP-

A Film Censorship Board was constituted under the Kenya Stage Plays and Cinematograph Exhibitions Ordinance, which became effective on September 23, 1930. The board was granted wide powers over both silent and sound films, posters, and advertising matter.

Films may be approved for public exhibition, refused approval, or approved subject to excisions. Approval may also be subject to a condition that the film may be exhibited only to non-Africans.

There are Censorship Boards at Nairobi, Kenya Colony; Dar-es-Salaam, Tanganyika Territory; Kampala, Uganda Protectorate; and Zanzibar.

In addition to the usual standards under which censorship operates, in British East Africa great care is taken not to pass films which directly or indirectly hold up the white race to criticism. This policy is followed because of the attendance of Indians. On this basis, for example, "Broken Blossoms" was refused a permit. Likewise gangster films and "horrendous" pictures fall under the ban, as they hold up the white races to criticism.

The censor banned only about 2 percent of the footage submitted.

COMPETITION-

Between 70 and 75 percent of the films shown in East Africa are of American origin, but there has been a decided gain during the past year in the popularity of British films, due, doubtless, to the fact that such films have shown remarkable improvement during the past year or so. And with the natural desire of British colonists to "buy British", it is expected that this growing popularity will increase.

Most of the films shown on this market come from South Africa, though a small percentage are secured direct from the United States and Great Britain.

PRODUCTION-

Except for special expeditions, such as the wild-animal productions, there is no production of motion pictures in this district.

Films are not "dubbed" in this district.

But with excellent weather conditions obtaining at least 9 months of the year, with clear and rare atmosphere around Nairobi (altitude 5,000-7,000 feet) with labor very reasonable, this would make an ideal spot for such operations.

TAXES-

Taxes are very moderate.

THEATERS-

Nairobi has four motion-picture theaters, one of which is closed. In this entire district there are the following:

<u>Country</u>	<u>Town</u>	<u>Sound</u>
Kenya	Nairobi	4 (1 closed)
	Mombasa	2
	Nakuru	1
Tanganyika	Dar-es-Salaam	2
	Tanga	1
Uganda	Kampala	1
	Jinja	1
Zanzibar	Zanzibar	1
Total		13

There is also a traveling motion-picture outfit, going from town to town on trucks on circuit to halls and hotels in Eldoret, Kitale, Kisumu, and Kakamega.

It is reliably reported that another motion-picture house, equipped for sound, will open in a month or so at Kisumu, Kenya.

The total seating capacity of the theaters in Nairobi is about 2,500, while the price of admission averages 3 shillings. Balcony seats are 4 shillings, with a $\frac{1}{2}$ shilling tax. The tax on seats is between one-sixth and one-seventh of the price of the seat.

SOUND-

All 13 motion-picture theaters in East Africa are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	247,744 ft.	\$4,334
Negative sound	---	---
1936 - Positive sound	88,767 ft.	\$1,557
Negative sound	---	---

* * *

ECUADOR

LEGISLATION-

During the first 6 months of 1937, the decree of July 30, 1936, establishing the exchange, import, and export control, was still in force and greatly handicapped the normal remittance of funds by the distributors of films to their principals abroad. Fortunately, the control of exchange and exports was completely repealed on July 31, 1937, and since then foreign exchange has been bought and sold freely.

There are in Ecuador no quota or contingent laws inimical to the interest of American films or any films of foreign nations. There is no adverse legislation.

CENSORSHIP-

By executive decree of April 30, 1937 (Registro Oficial No. 491, May 17, 1937), a board of censors was established in the capital of each Province, composed of the First Commissioner of National Police or his representative, who presides, and two members named by the Ministry of Public Education. These Boards of Censors are in charge of the legal control and censorship of every motion-picture film to be shown in the theaters or places employed for that purpose in the Republic. In order to exhibit a film, a license issued by the Board of Censors will be necessary. The showing or projection of police films, crime films, and all films which are judged by the Board of Censors to be prejudicial to morals, the established public order, and good habits, or to advocate radical ideas, is prohibited. Only films produced expressly for the purpose, or those that receive special permission of the Board of Censors, may

be shown for children. Unless these requirements are fulfilled, the admission to theaters of unaccompanied children under 14 years of age is prohibited.

It is obligatory upon each motion-picture exhibitor to establish a day each week in which he shall project films especially designated for children under the age of 14.

A film which has received the necessary license in Quito or Guayaquil is free from censorship in the other Provinces of the Republic. Violation of the regulations is punished by a fine of 100 to 500 sucres.

Although censorship fees were contemplated, thus far no definite decision has been made on the subject. The general opinion is, however, that such fees will not be established.

Although the provisions of the censorship law and its regulations are very strict, it is understood that thus far no undue hardships have been suffered by exhibitors and that a broad-minded policy is guiding the actions of the Board of Censors in Guayaquil as well as in Quito.

Until October 15, 1937, approximately 347 pictures were censored, and none were prohibited nor cut.

COMPETITION-

In Ecuador, American pictures for the past few years have met a little competition from European, Mexican, and Argentine features. However, unless these foreign films present interesting color or are super-productions with famous world-known artists, the majority of the Ecuadoran motion-picture patrons prefer American films.

During the past 10½ months approximately 347 films were released in Ecuador. It is reported that 303 films, or 87 percent, were of American origin; 14 UFA (German) productions; 8 British; and the remainder Mexican and Argentine pictures. The American films are supplied by nine well-known American producers.

COPYRIGHT RELATIONS-

Inter-American Copyright Convention at Buenos Aires, August 12, 1910.

A decree of August 8, 1887, known as the law of Authors' and Artists' Proprietary Rights (Ley de Propiedad Literaria y Artistica) protects writers and artists, but this law is antiquated, and its provisions do not cover the rights and protection of film producers and exhibitors. Consequently, the laws of Ecuador make it impossible to enforce exclusive rights to films by punishing the showing of them by unauthorized concerns, and do not give any

protection to the rights of producers of films. It is understood, however, that each individual film can be registered, and in that way the exclusive right to show that particular film in Ecuador can be obtained.

PRODUCTION-

There are no studios in Ecuador. Occasionally free-lance photographers (chiefly Americans) shoot several thousand feet of scenery for educational or travel pictures which are developed abroad.

There are no restrictions with regard to "dubbed" American films, and it is not necessary that foreign films be "dubbed" in this country. In fact, no facilities for developing or taking sound films are available in Ecuador.

The predominant language of the country is Spanish.

TAXES-

In accordance with an executive decree of January 30, 1926 (Registro Oficial No. 170, February 2, 1926, and No. 322, May 12, 1930), providing for municipal taxes, the municipalities are authorized to collect up to 10 percent on the gross receipts from the sale of admission tickets to theaters, motion pictures, concerts, horse racing, etc. In Guayaquil, this tax is 10 percent; in Quito it is 8 percent; and in other cities it ranges from 5 percent to 10 percent. A tax of 20 centavos for national defense is collected on all theater tickets except those for the cheapest seats which are situated in the gallery or second balcony. No other taxes are levied.

THEATERS-

There are now operating in Ecuador 34 motion-picture theaters, with a total seating capacity of 38,600.

During 1937, four small theaters with a total seating capacity of 2,100 were closed. Since these theaters were operated by the same circuits controlling the motion-picture business in those sections it may be regarded as merely cutting down overhead expenses on the part of the owners.

The important development in 1937 was the finishing and official opening of the theater "Cadena" in Quito. The new theater is a modern concrete building with a seating capacity of 3,000 persons. The equipment is of Dutch manufacture (Phillips).

There are at present no new theaters under construction.

The principal circuits are in the cities of Guayaquil and Quito. The yearly gross income of the motion-picture theaters is approximately \$250,000 to

\$275,000 (United States currency). In proportion it is estimated that box-office receipts are about as follows:

Guayaquil theaters	-	35 percent
Quito	"	- 35 percent
Ambato	"	- 10 percent
Cuenca	"	- 10 percent
Bahia & Manta	"	- 5 percent
All other	"	- 5 percent

The attendance of motion-picture patrons is subject to seasons. During the hot and wet rainy season (January-April) Guayaquil and other coast towns suffer a seasonal decline in attendance estimated at about 20 percent from normal. The best months for the coastal sections of the country are October and November. The months of May, June, July, August, September, and December are considered normal and good so far as attendance is concerned. Quito and other interior cities generally suffer a decline during school vacations (August and September); the best months for that section of the country are May and June.

During week days the principal theaters have three shows, known under the following names:

Matinee (hour 3 p.m.)
Especial (hour 6:15 p.m.)
Nocturna (hour 9:15 p.m.)

On Sundays, right after church, the young folks generally go to morning show (11 a.m.) which is called "Vermouth". The Nocturna or evening shows are generally attended by families and not by unaccompanied ladies or minor children.

The average admission prices in the first-class theaters for first releases are 2 sucres for box and orchestra seats and 40 centavos for the gallery. Superfeatures bring in higher box-office receipts, but seldom more than 3 sucres is charged for box or orchestra seats and 80 centavos for the gallery in the first-class theaters. Pictures are first released in those theaters which are patronized by the more well-to-do classes before they are shown in other theaters located in suburbs, the majority of which are chiefly patronized by the laboring classes. The second and third class theaters charge an average of 50 centavos to 1 sucre for orchestra seats and 20 to 30 centavos for the gallery. Admission prices for morning and afternoon shows are generally lower. In addition to the admission, theater patrons pay an extra 20 centavos for box and orchestra seats. This is a Government national-defense tax on each ticket. This tax is not included in advertised admission prices and is paid as a surcharge upon buying the ticket.

Pictures are generally first released either in Guayaquil or Quito in the principal theaters before they are shown in the smaller distribution centers.

The favorite types of pictures continue to be super-features, action pictures, and musical reviews. Sensational productions remain very popular with the poorer classes. Productions in the Spanish language are popular when they have interesting color and contain song hits and dances by well-known Latin American artists.

The average motion-picture program consists of a principal feature and one or more trailers shown before the actual program commences. It is customary to show first an animated cartoon film or a news reel if available. On Sundays and holidays several features are shown during the morning and afternoon shows at popular prices.

Keen competition of the various circuits at times leads to price wars, but during 1937 the distributors of films formed a film board and now endeavor to cooperate for their mutual interests.

SOUND-

All 34 theaters in Ecuador are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	61,396 ft.	\$1,042
Negative sound	1,008 ft.	\$15
1936 - Positive sound	33,746 ft.	\$406
Negative sound	---	---

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EGYPT

LEGISLATION-

The majority of the population of Egyptian nationality is not acquainted with foreign languages, and nationalistic propaganda is fostering the development of local sound film production in Arabic. The prejudice against foreign-owned theaters, which occupy an important place in the amusement field, is reflected by a proposal made by certain Egyptian producers and interests allied to the local film industry (who are endeavoring to capitalize on the nationalistic feelings) to the Egyptian Government recommending that legislation should be enacted requiring all cinemas in Egypt to show a quota of Egyptian films in order to encourage the infant Egyptian film industry.

Although the Egyptian Government is favorable to the general policy of aiding local industries, it is expected that this proposal will not be favorably acted upon, as the size of the local production does not warrant such a form of assistance. However, the problem of means of encouraging the local film industry is being given serious consideration by the Government.

Private propaganda exists against films produced in Germany and is conducted by Jews and Jewish sympathizers; an insignificant number of German films have been shown in Egypt since the inception of the anti-semitic movement in Germany.

There are no quotas or contingent laws affecting the importation of motion-picture films, and American films lead all other foreign films in Egypt.

By decree which appeared in the Journal Officiel No. 54 of May 7, 1936, the Egyptian Government promulgated the International Convention of October 1933 to facilitate the circulation of educational films. This decision, it is expected, will have a beneficial effect on the introduction of educational films in this market.

CENSORSHIP-

The censorship of films in Egypt is regulated by two Ministerial "Arretes" -- one, sub No. 14, dated August 2, 1921, covering the importation of foreign films, and the other, sub No. 42, of August 22, 1928, on the exportation of domestic films. The intent of the latter regulation is to prevent the showing abroad of films which might be prejudicial to Egyptian nationalistic feelings. In this connection several local feature films have been refused approval for export. An insignificant number of American, French, and other motion pictures imported from abroad during the above period were rejected, while a substantial amount of "cuttings" were made on various productions passed.

Censorship is exercised by a committee formed by experts from various Government departments headed by the Director General of the above-mentioned department and including the Controller General of Cinema and Theaters and Foreign Press, the Controller General of Eastern Press and Publications, a delegate from the Ministry of Education, a delegate from the Department of Public Security, a representative of the cinema industry, as well as a representative of the local press. This committee acts as a Court of Appeal in the decisions made by the Director of Film Censorship in connection with productions submitted for banning. It endeavors to carry out its duties fairly so as to coordinate the interests of all concerned.

COMPETITION-

Films are 76 percent American, 10 percent French, 7 percent British, 7 percent Egyptian and from all other countries.

Society dramas and musical comedies with subtitles in French appeal to the educated classes of the population, but American "action" films are shown successfully also in the so-called "popular-priced" theaters and provincial houses. There is a further fairly good demand for shorts and cartoons in technicolor as well as short features of an educational character. Original versions are preferred. "Dubbed" films are scarcely shown and are not necessary since all the theaters are provided with an extra small screen placed laterally to the main one on which subtitles are summarized and projected in the Arabic and the Greek languages.

COPYRIGHT RELATIONS-

The mixed tribunals deal with infringements of trade marks, copyrights, and patents under the principles of general law and rules of equity. There are no specified laws regarding this.

PRODUCTION-

Since its establishment in 1927, the Egyptian motion-picture industry has made only slight progress despite official encouragement, nationalistic propaganda, tariff protection, and the large demand of the ever-increasing Arabic-speaking population eager to patronize pictures produced in their native language.

The Studio "Misr", founded about 3 years ago, is furnished with a complete and up-to-date technical equipment and is financed by the largest Egyptian financial institution, the "Bank Misr", Cairo, but the other six small studios are relatively unimportant from the viewpoint of equipment and installation. They are generally poorly financed and operate intermittently, as most of the films are made for account of individuals who pool their capital as a speculative venture. Although the standard of films produced locally does not as a whole compare favorably with foreign productions, they generally enjoy long runs in a few metropolitan theaters and all provincial houses in Egypt and nearby Arabic-speaking countries. During the 1937-38 season, 12 Arabic and 3 Greek films have been screened, while 4 or 5 other films are (at the time of reporting) in the cutting room, in comparison with 10 films produced during the 1936-37 season.

The difficulties which at present are being experienced by the local film industry are the usual shortcomings of an infant industry, such as the absence of capable producers and of actors familiar with modern film technique, and, of course, the lack of capital.

Indications are that capital will remain reluctant to participate in the nascent industry, which under present conditions can yield only small returns. Much progress cannot be expected in the near future unless the present system of private film financing which operates at heavy costs to borrowers is replaced by adequate assistance from the Government.

TAXES-

The amusement tax based on Decree Law No. 85 of 1933, modified by Law No. 5 of 1935, imposed on entrance to race meetings, theaters, cinemas, and various other forms of sport and entertainment within the limits of Cairo city, has been subsequently applied to the cities of Alexandria, Port Said, Tantah, and Mansourah (Lower Egypt). This tax has been also enforced in the towns of Ismailia, Port Fouad, and Suez by Ministerial Arrete No. 37 of August 17, 1937, and it is expected that it will be gradually extended to all other centers as and when their importance may warrant. The tax is generally collected from the public by the manager of the entertainment concern, who is responsible for its payment to the Treasury.

As from January 3, 1935, it is fixed at 10 percent on all entrance fees from P. T. 1 (approx. \$0.05) to P. T. 5 (or about \$0.25) and then P. T. 1 on every P. T. 10 or fraction, so that from P. T. 10 to P. T. 250 the tax is 10 percent on the next highest even 10. However, from P. T. 250 to P. T. 400 the tax is 10 percent of the next even 50 and then 10 percent of the next even hundred up to and over P. T. 1,000.

As of May 9, 1935, import duty on developed positive films is L. E. 2.5 per kilo net plus 10 percent representing custom dues and other auxiliary charges, which brings the total to approximately L. E. 3 per kilo net.

THEATERS-

There are 101 public theaters in Egypt and 10 military ones for the amusement of the British troops stationed there. A limited number of schools and private clubs have small cinemas. There is also a theater at the King's main residential palace in Cairo which is equipped with sound. Of these about 25 operate in the open air during the long summer season, while 8 or 10 indoor theaters close during the summer months on account of the extreme heat. There is only one theater in Egypt which has, so far, been equipped with air-conditioning system. The total seating capacity of the above 101 public theaters is roughly estimated at 74,000.

In the larger cities such as Cairo and Alexandria, where the better houses are located, the average admission price is P. T. 4.5 (\$0.22), while the prevailing average admission price in the popular and provincial houses is P. T. 2 (or approx. \$0.10).

SOUND-

All 101 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,492,171 ft.	\$30,428
Negative sound	16,000 ft.	\$900
1936 - Positive sound	1,411,828 ft.	\$31,436
Negative sound	---	---

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EL SALVADOR

LEGISLATION-

There is no restriction of foreign exchange. The unit of currency, the Colon, has been stabilized at \$1 = 2.50 colones (approximately) since November 1934, nor do other countries have any preference over American films.

There are no quota laws in effect, and no legislation tending to reduce or prevent American distribution of motion pictures is contemplated.

CENSORSHIP-

Censorship is very strict, and various pictures have been rejected at the request of representatives of foreign Governments. During 1936 and the first 9 months of 1937, the National Circuit showed 511 feature pictures to the Censorship Board for approval, of which only 3 were rejected. In the same period, 312 short features were reviewed and none was rejected.

COMPETITION-

Ninety percent of the films shown are American. Competition with American films is practically nil, as there is no local motion-picture industry. English, French, German, and Mexican films are exhibited occasionally.

COPYRIGHT RELATIONS-

Copyrights are protected, through the supervision of the Department of Public Works. Since there is no local industry, the question of piracy does not arise.

PRODUCTION-

A few news reels, especially of the Central American Olympic Games, celebrated in San Salvador in March 1935, were produced by local interests, but

were not successful. Representatives of American news-reel organizations send reels at times, such as that of the San Vicente earthquake in 1936. Foreign films must be "dubbed" in Spanish, the local language.

TAXES-

On admissions:

Tickets 15 to 24 centavos, tax 1 centavo.
Tickets 25 to 49 centavos, tax 2 centavos.
Tickets 50 to 99 centavos, tax 3 centavos.
Tickets 1 colon and over, tax 5 centavos.
(2½ centavos equal 1 U. S. cent.)

Taxes on performances vary with time of performance and locality: Maximum 12 colones (\$4.80); minimum 3.50 colones (\$1.40).

THEATERS-

Thirty-one theaters, seating 37,200; average admission price varies greatly. A feature usually is shown for \$0.40, including, in addition, a news reel and a short comedy.

American films, with the stars speaking English, are preferred; a large part of the regular audiences understands English.

SOUND-

About 21 theaters are wired for sound. The National Circuit recently purchased new equipment and apparently will be in the market for further sound machinery over a period of time, in order to improve the present equipment.

All theaters of the private circuit are wired for sound; 16 in all.

IMPORTS FROM THE UNITED STATES-

1935 - Positive sound	39,138 ft.	\$550
Negative sound	1,235 ft.	\$90
1936 - Positive sound	147,636 ft.	\$1,429
Negative sound	1,258 ft.	\$27

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ESTONIA

LEGISLATION-

Transactions in foreign exchange in Estonia are controlled by the Eesti Pank (Bank of Estonia). The control is based on a law effective as of November 19, 1931. Under its provisions all requests of local importers for the grants of foreign exchange are decided upon by the Foreign Exchange Commission of the Bank of Estonia. Furthermore, in order to import, local firms must procure a license on certain specified commodities, including films since January 14, 1935.

American films enjoy equal rights with other foreign film productions in Estonia. No preferential laws exist.

On January 14, 1935, motion-picture films became included in the list of commodities requiring import licenses. This was followed by the granting by the Estonian Ministry of Economic Affairs of quota allotments to selected film exchanges for the importation of film productions during each 12-months period ending July 1. The quota requirements do not apply to the importation of short films.

On or about June 20, 1936, the annual quota for the importation of motion-picture films into Estonia was fixed at 220 pictures. On September 16 of the same year the quota was increased to 230 pictures, and in February 1937 to 235 pictures. On June 15, 1937, the quota was reduced to 180 films. Under this new quota allotment it is estimated that 60 pictures, or one-third of the whole, will be American productions.

Licensed Film Exchanges and Film Import Quotas -- Estonia.

Name of Film <u>Exchange</u>	Number of Films Permitted to be Imported During Period June 15, until <u>July 1, 1938</u>	Film Import Quotas <u>Previously in Effect</u>
Esto-Film.....	70	90
Ars-Film.....	31	40
UKS-Film.....	31	40
An American company.....	16	25
Para-Film.....	16	20
Ed. Thomson & Co.....	16	20
Total.....	180	235

Regulations published in the RIIGI TEATAJA (Official Gazette) No. 11 of February 9, 1937, and in effect as of March 1, 1937, stipulate that of all motion-picture films permitted to be imported into Estonia which measure more than 1,500 meters in length, only one picture can be included in a night's program of local motion-picture theaters.

The Trade Division of the Estonian Ministry of Economic Affairs has announced that it expects to adopt a stricter control of film censorship in the future. It is the intention to insure high-quality films only for importation into Estonia. For that purpose, it is contemplated that a card index will be established indicating on each card the name of the film, the country of origin, the price paid, and why purchased or hired. Further entries are also contemplated, such as those relating to opinions, comments, and criticisms of the films in question.

CENSORSHIP-

During the fiscal year ended April 1, 1937, 810 films, or a total length of 781,592 meters, were released for exhibition by the Estonian Film Inspector. In this total 264 films (32.59 percent), of a total length of 253,751 meters (32.47 percent), were American productions. Germany's share in the total Estonian film imports during the indicated period was 29.02 percent by number and 37.27 percent by length. Other productions released for showing were British, Austrian, French, Russian, Italian, Hungarian, Czechoslovak, Finnish, and Estonian.

During the fiscal year ended April 1, 1937, 31 films were rejected by the Estonian Film Inspector. The banned films were certain American shorts as well as features of American, German, Soviet, Austrian, and British production. The rejected films are not included in the 810 which were censored for release as previously indicated.

Requirements for the censorship of motion-picture films in force in Estonia are set up in chapter 2 of the Motion-Picture Theater Law of Estonia and in series of regulations issued on the basis of this law.

Paragraph 7 of chapter 2 of the law stipulates that a motion-picture film, both in its subject and form, must be socially constructive and educational, and that no permission shall be granted to export or import films if the latter are likely to endanger public safety and order, are immoral, offensive to religions and national ideals, or in any way bear unfavorably upon the dignity of the Estonian Republic, its organs and offices, or which may affect Estonia's foreign relations.

Paragraph 10 provides that the control over the export and import of motion-picture films shall be exercised by the Ministry of the Interior through the medium of the Film Inspector, who shall be appointed by the Minister of the Interior from among the members of the Film Board.

Paragraph 11 of the law stipulates that exclusively scientific and art films not intended for display at motion-picture theaters shall be exempted from the film-control requirements and that no amusement tax shall be chargeable when such films are shown.

Paragraph 13 of the law requires that all parts, advertising photographs, and the written texts of all imported motion-picture films intended for the purpose of advertising, shall be passed upon by the Film Inspector.

Paragraph 18 of the law provides that motion-picture theaters shall be under obligation to include in each of their performance programs a local chronicle or news reel, featuring current events in Estonia.

An amendment to the Language Regulations, published in the RIIGI TEATAJA (Official Gazette) No. 21 of March 8, 1935, provides that the written text parts of the film, except the introductory explanations as to the cast of the picture, must be in the Estonian language only.

On September 2, 1937, instructions were issued by the Estonian Ministry of the Interior intended to clarify sections of the Estonian Motion Picture Theater Law which relate to the control over the importation and exportation of motion pictures. These instructions are designed to assist the Estonian Film Inspector in determining the differentiation between the so-called positive and instructional films and such films as may imperil the public morals or promote crime, cruelty, games of hazard, exaggerated luxury, and indolence.

As regards the attendance of screen plays by minors, a legend is required to appear in advertising announcements each time a film has or has not been approved for this purpose.

COMPETITION-

German-made screen plays are the largest competitors of American film productions in the Estonian market. During the 12 months ended April 1, 1937, German film productions censored for release in Estonia represented 29.02 percent by number and 37.27 percent by length of the total censored films.

During the above-indicated 12-months period, American film productions represented 32.59 percent by number and 32.47 percent by length of the total films censored for release in Estonia.

As a rule American screen plays are well received in Estonia regardless of whether they are in English or "dubbed" into German. It is believed that only 20 to 30 percent of foreign film productions reach Estonia destined for reproduction only in Estonia. The others are destined chiefly to the three Baltic States. The best-liked American films in the original English are those portraying phases of American life, particularly those with musical features.

The local industry is confined at present solely to news-reel releases, mostly silent and only in some cases recently furnished with sound and dialogue.

COPYRIGHT RELATIONS-

Copyrights are observed and foreign producers are protected from piracy in Estonia under the terms of the Berne Union.

PRODUCTION-

During the 12 months ended April 1, 1937, 161 silent film "chronicles" (news reels and documentaries) of domestic origin, of a total length of 33,870 meters, were censored for release in Estonia. The domestic production during the period of January 1 until November 5, 1937, consisted of 54 film chronicles of a total length of approximately 11,200 meters. In the calendar year of 1936, 56 film chronicles and 18 cultural films of a total length of 14,000 meters were produced.

The Endowment "Eesti Kultuurfilm" (The Estonian Culture Film) is the only licensed film producer in Estonia. It has a ground capital of Ekr. 1,000, equipment fund of Ekr. 150,000, and operating capital formed of payments from the Film Fund and of State subsidies.

The Endowment employs a personnel of 14, namely, 1 managing director, 3 camera men, 3 laboratory assistants, 1 sound engineer, 1 sound mechanic, 1 music synchronizer, and office clerks. In addition, there are cooperating camera men, 2 at Tallinn, 3 at Tartu, and 2 at Parnu, Estonia. The offices and laboratory of the Endowment are at 46 Harju tanav, Tallinn, while the studio and workshops are at 32 Ruutli tanav, Tallinn.

The production thus far has consisted of 2 chronicles per week, released for screen in three and two copies, with a copy for each of the five first-run theaters at Tallinn.

The "Eesti Kultuurfilm" has the following revenue: (1) Receipts of local news-reel hire from local motion-picture theaters; (2) receipts from the Film Fund; (3) subsidies under the Estonian State budget appropriations; (4) receipts from the sale of local film "chronicles" abroad.

The Film Fund is maintained at the Ministry of the Interior and is made up of payments of a tax in the amount of 5 senti per each meter of film at the time of first importation into Estonia, and in the amount of 1 sent per meter at each subsequent importation.

Only the producing phase of the domestic motion-picture industry is subsidized by the Government in Estonia. The exact amount of such recent subsidy is not known, but it is estimated by dealers that, of the total in-

vestment of approximately Ekr. 260,000, the Government subsidies cover about half. It is also understood that a low-rate and long-term bank loan has been recently contracted by the domestic film-producing interests in Estonia.

As regards the Motion Picture Film Fund, which is maintained at the Ministry of the Interior, it is reported that its account was balanced on March 31, 1936, at Ekr. 8,990.00. The Government's subsidy of the domestic film production takes place in Estonia through the State budgetary appropriation. However, it is not specifically indicated as such, and hence the amount can only be estimated as above.

The production facilities of the "Eesti Kultuurfilm" appear to be quite adequate for making short local silent news reels, and perhaps also local sound or synchronized sound chronicles, but entirely inadequate for the production of sound feature films of American standards.

The domestic Estonian film industry appears to be financed well enough to be able to produce regularly local news reels, the showing of which, at the rate of not less than 200 meters at a time, is compulsory for the local theaters, and to carry on exchange of local film chronicles with foreign countries. It is estimated that the annual revenues of the "Eesti Kultuurfilm" from the tax on compulsory local news reels may amount to approximately Ekr. 20,000; those accruing from censorship fees, to about Ekr. 30,000; and the revenues from other fees and charges, to about Ekr. 60,000— bringing the total annual revenues to approximately Ekr. 110,000. The technique of the domestic Estonian news reel is fairly good, but still it is a "far cry" from that of the American film industry.

There would be no objection in Estonia to American films "dubbed" in the Estonian language. However, one of the chief attractions of American sound films in Estonia is the fact that they can be heard in English, which language is very popular with the Estonians, and particularly with the Estonian youth. The State and predominant language is Estonian, which is understood and spoken by all racial minorities (Germans, Russians, Swedes, and Jews) in the country.

No regulations exist which relate to "dubbing" of foreign films. Sound films in any foreign language can be reproduced in Estonia, except that the legends on a film must appear in the Estonian language. It is prohibited, however, to import film inscriptions prepared in the Estonian language by foreign producers. American films "dubbed" in German are occasionally shown in Estonia.

TAXES--

Taxes imposed upon theaters, distributors and upon importers.

a. Taxes and other expenses as paid by motion-picture theaters.

1. Tax for the display of compulsory local news reel, per week:

As paid by first-run theaters, Ekr. 100.

As paid by second-run theaters, Ekr. 50.

As paid by third-run theaters, Ekr. 20.

2. Amusement tax:

Motion-picture theaters at Tallinn, 15 in all, pay a tax of Ekr. 90,000 annually. At the city of Tartu this tax is charged at 18 percent, at the city of Valga at 12 percent, and at the city of Viljandi at 15 percent of the total gross box-office receipts. It is estimated that the total amount of money paid on amusement tax annually by all motion-picture theaters of Estonia (58 houses in all) is Ekr. 210,000. Of this tax 10 percent is deducted for the Estonian Red Cross, and 10 percent for the Culture Capital Fund.

3. Trade license tax, payable annually:

For license of the first category, Ekr. 475.

For license of the second category, Ekr. 125.

4. Tax on net profit:

Usually 12 percent of gross box-office receipts are allowed for the net profit. For example, a theater having yearly gross box-office receipts of Ekr. 100,000 pays this tax at the rate of Ekr. 1,200 per annum.

5. Income tax:

This tax is payable by the owner of a motion-picture theater and corresponds approximately to the tax payable on net profit.

6. Turnover tax:

This tax is not payable by motion-picture theaters.

7. Film rentals:

Usually 25 to 40 percent of the total annual gross box-office receipts are payable on film rentals.

8. Advertising fees:

Advertising expenses of motion-picture theaters represent usually 3 to 10 percent of the total annual gross box-office receipts.

9. Lighting costs:

Approximately 8 percent of the total annual gross box-office receipts are paid on cost of electrical lighting.

10. Personnel hire:

Expenses on personnel hire represent 7 to 10 percent of the total gross box-office receipts, annually.

11. Fire insurance:

Approximately 1 percent of the gross box-office receipts are paid on fire insurance.

12. Room rentals:

Most of the motion-picture theaters in Estonia are operated in hired rooms. Rentals usually represent 10 to 12 percent of the gross box-office receipts, annually.

13. Sundry expenditures are believed not to exceed 1 percent of the total gross box-office receipts.

b. Taxes are paid by importers-distributors.

1. Import duty:

Motion-picture films are dutiable in Estonia at Ekr. 3 per kilogram, according to stipulations of paragraph 169, subdivision 4b of the Estonian Import Tariff. For importation the Government import license is required.

2. Control and registration tax (censorship tax):

This tax on motion-picture films is chargeable per each meter length, as follows: At the time of the first importation of the film, 5 senti; at the time of the second and all subsequent importations of same film, 1 sent.

The rates on exclusively scientific, art, and technical films, for display, outside of motion-picture theaters, are 1 sent and $\frac{1}{2}$ sent, respectively.

This tax is computed on the basis of the data relating to the length of films as contained in the shipping documents accompanying the imported motion-picture films; if in doubt, the Film Inspector shall have the right to check the data relating to the length of films.

Motion-picture films which are not permitted to be imported shall be liable to taxation at one-quarter of a sent per each meter length, for control expenses.

The tax, in case of a foreign-made motion-picture film, shall be payable at the time of the importation of such films into Estonia when applying for the grant of the import license, and, in the case of films produced in Estonia, at the time of the presentation of such films for registration; in both cases the tax is payable by the applicant to the account of the Motion Picture Film Fund at the Ministry of the Interior.

3. Turnover tax:

This tax is payable by the importers-distributors at the rate of 2 percent of the turnover.

4. Trade license tax:

In order to import, local film distributors are required to possess a trade license of the first category. The tax on licenses of this kind is chargeable at Ekr. 475 per annum.

5. Tax on net profit:

Usually 18 percent of the total annual gross receipts of film exchanges are allowed for net profit. The tax thereon varies according to the amount set aside as net profit.

6. Income tax:

Income tax is payable by persons operating film exchanges and varies according to the declared income.

7. In addition to the above listed taxes the local film distributors (exchanges) usually bear all expenses connected with the preparation of Estonian "inscriptions" on imported motion-picture films.

It is generally believed that the taxation of the Estonian motion-picture industry is rather high.

THEATERS-

The total number of motion-picture theaters regularly in operation in Estonia is 58.

The total seating capacity of the 58 motion-picture theaters in Estonia is estimated at approximately 17,000. The average admission price for the 58 theaters is 35 senti. The best-liked films are American plays with musical features.

It is estimated that the total yearly gross box-office receipts of all of the 58 motion-picture theaters of Estonia are in the neighborhood of Ekr. 1,600,000, of which approximately one-half represents the income of the first-run houses.

SOUND-

The 58 theaters in operation in Estonia are all wired for sound; there are no unwired motion-picture theaters in Estonia. New sound equipment is purchased mostly for replacing out-of-date apparatus. At present only one motion-picture theater, the "Capital" at Parnu, with 460 seats, is understood to be in the market for new sound equipment. Most of the recent replacements have been filled by the German Klangfilm equipment, which costs from Ekr. 3,000 to Ekr. 8,000.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	313,338 ft.	\$6,245
Negative sound	—	—
1936 - Positive sound	143,731 ft.	\$2,298
Negative sound	—	—

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FINLAND

LEGISLATION-

There is no legislation in Finland restricting the importation of motion-picture films.

CENSORSHIP-

The censorship of motion-picture films is provided for by three decrees issued by the Government on October 30, 1935. The first decree itemizes the types of films which shall not be approved for exhibition. The second decree

provides for the appointment, by the Ministry of Education, of a Government Film Censorship Bureau (in Finnish, Valtion Filmitarkastamo) comprising one film censor and three associates who are charged with reviewing films intended to be exhibited publicly and stipulating the class of amusement taxes applicable when the particular film is exhibited. All expenses of the Censorship Bureau are borne by the Finnish Cinema Association (in Finnish, Suomen Biograafiliitto). The third decree provides for the formation of a Government Film Commission (in Finnish, Valtion Filmilautskunts) of five persons appointed by the Ministry of Education to render final judgment, at the request of the owner of the film and at the owner's expense, on any film prohibited by the Censorship Bureau from being exhibited.

During 1936 a total of 1,005 films were censored, of which 337 were "features" and 668 "shorts". Of these 24 (including 17 American) "features", as well as 3 (including 2 American) "shorts" were rejected.

Censorship of films is not considered strict.

COMPETITION-

Of the feature-length films reviewed during 1936, 58 percent were American, 13 percent German, and 8 percent French. As regards "shorts", 58 percent were American, 19 percent Finnish, and 12 percent German.

It is reported that a Finnish feature film has a box-office value equal to two or three imported films.

COPYRIGHT RELATIONS-

Copyright laws were enacted in Finland on June 3, 1927, and modified by the law of January 31, 1930. Finland entered into reciprocal copyright relations with the United States on December 8, 1934, effective January 1, 1929. On April 1, 1928, Finland became a member of the Berne copyright convention of November 13, 1908.

PRODUCTION-

In 1936, there were produced in Finland 10 "features" and 128 "shorts". It is reported that at least 14 "features" will be produced in 1937.

So far as is known, no imported films have been "dubbed" in Finnish, the language of practically 90 percent of the population of Finland.

TAXES-

According to the laws of December 28, 1929, and of December 21, 1932, effective January 15, 1933, films exhibited in Finland are subjected to 2670.

the following taxation: (a) Educational and domestically produced films, tax free; (b) art films, 15 percent of admission charge; and (c) other films, 25 percent of admission charge.

If a minimum of 200 meters of domestically produced film is exhibited at a performance, the tax shall be reduced by 5 percent. In practice, therefore, exhibitions of films in the art class are taxed 10 percent and other imported films 25 percent, as 200 meters of Finnish film are usually shown at every performance.

Imported films are dutiable at 34 marks per kilogram under Item No. 462 of the Customs Tariff. At the present time 1 mark is equal to \$0.022.

THEATERS-

There are 265 motion-picture theaters in Finland at present, of which 16 were opened this year. Included in the total are 10 ambulatory theaters.

The total seating capacity of motion-picture theaters is approximately 75,000.

Admission prices range from 6 to 12 marks (\$0.132 to \$0.264) for ordinary seats. The maximum price is paid at first-run theaters in Helsinki.

SOUND-

All 265 motion-picture theaters, including ambulatory theaters, are wired for the showing of sound films.

IMPORTS FROM THE UNITED STATES-

1931 - Positive sound	862,581 ft.	\$16,274
Negative sound	---	---
1936 - Positive sound	849,863 ft.	\$20,204
Negative sound	14,200 ft.	\$300

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FRENCH OCEANIA

LEGISLATION-

There are no laws in French Oceania prohibiting foreign exchange. Other than a preferential tariff in favor of French films, there are no laws giving other countries preference over American films. Films produced in France pay an ad valorem duty of 24 percent, while those of other countries pay 36½

percent. At the present time there are no quota or contingent laws in effect, and so far as can be ascertained none are contemplated.

CENSORSHIP-

Eighty films have been censored during 1937. Fifteen were rejected, 9 of which were American. The films rejected were gangster and French Foreign Legion pictures. The censorship is very strict on pictures dealing with gangster and communistic subjects or anything that might lower the prestige of the French people in the eyes of the natives.

COMPETITION-

Only American and French films are shown in the consular district of Papeete, Tahiti. During the period under discussion 40 percent of the films shown were American. The American films are received through a New Zealand exchange, and since the regular mail boats sailing between New Zealand and the United States, calling at Papeete en route, were taken off the run about a year ago and replaced by cargo vessels calling at irregular intervals, the percentage of French films has increased. The manager of the local motion-picture theater states that American films are preferred by the natives and that the decrease in the number shown is due to the lack of transportation facilities.

COPYRIGHT RELATIONS-

The copyright laws of French are applied in French Oceania.

PRODUCTION-

No domestic films are produced. In past years several American companies have taken motion pictures on the island of Tahiti, but in May, 1936, an official decree was published which provided that motion-picture films made in the colony cannot be exported without authorization by the Governor, which authorization is given upon the advice of the local censorship board, before whom the films must be projected. It is stated in the decree that this regulation is not applied if the pictures are taken with amateur machines using films less than a hundred meters long. Since the aforementioned date there have been no professional motion pictures made locally.

In 1933 a law was passed providing that within 6 months from the date thereof all motion pictures shown in French Oceania must bear the titles and captions in the French language, that pictures could be shown with captions in other languages provided the same also appeared in French. An appeal from this decree was made to the authorities in France. The matter has never been settled, and, pending a final ruling, pictures continue to be exhibited with English captions only, the permission being renewed every 6 months by the local government.

French is the official language in the colony, and most of the natives in and around Papeete speak French; however, Tahitian is the predominant language.

TAXES-

Taxation is not high. The annual license fee for operating the local theater is 1,000 francs, which, at the present rate of exchange of 30 francs to the dollar, amounts to about \$33. An additional tax, known as the "poor tax", of 20 francs (\$0.66) is also assessed for each performance. The question of import duty was discussed in the opening paragraph of this report.

THEATERS-

The "Theater Moderne" at Papeete, Tahiti, is the only motion-picture theater being operated in French Oceania at the present time. It has a seating capacity of 800. Performances are given every Sunday, Tuesday, Thursday, and Saturday evenings. The prices of admission are as follows:

Sunday.....	4.00 - 3.00 - 2.00	French francs	
Tuesday.....	3.00 - 1.00	"	"
Thursday.....	4.00 - 3.00 - 2.00	"	"
Saturday.....	8.00 - 6.00 - 4.00	"	"

Musical comedies, comedies, animated cartoons, and cowboy pictures, especially the last-named, are best liked by the natives. Some of the cowboy films, which were made 15 years or more ago, have been purchased by the theater and are shown over and over again. Practically all of the pictures presented are from 5 to 20 years old. When a silent picture is shown, a native interpreter stands in the balcony and translates the captions into Tahitian. Only one performance, consisting of a news reel (always old), a two-reel comedy, and a feature picture is given in an evening.

SOUND-

The "Theatre Modern" is wired for sound, but the equipment is not of the latest type. It is doubtful, however, whether the manager would be interested at the present time in purchasing more modern equipment.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	19,026 ft.	\$238
Negative sound	---	---
1936 - Positive sound	33,199 ft.	\$303
Negative sound	36,000 ft.	\$2,500

* * *

FRENCH WEST INDIES

LEGISLATION-

So far as can be ascertained, there was no adverse film agitation in this market during the year.

CENSORSHIP-

There appears to be no censorship practiced in this colony, although by decree of the President of France, dated May 16, 1935, and published in the Journal Officiel of Martinique on pages 405, 406, and 407 of the issue of June 15, 1935, there is established a censorship of films and a commission composed of the Secretary General of the colony, or his delegate; the Prosecutor of the colony or his delegate; a representative of the Commandant of the troops; a representative of the Chief of Public Instruction; and the President of an organization known as the "Syndicat d'Initiative". There is no record extant of any films being rejected, and children of all ages are admitted to theaters at any time there is a showing.

COMPETITION-

French and American films.

COPYRIGHT RELATIONS-

French laws apply.

PRODUCTION-

There is no production in Martinique or the island colony of Guadeloupe.

TAXES-

Moderate; vary according to locality, city, and town.

THEATERS-

There are 15 cinemas in Martinique, with an estimated seating capacity of 8,700. These are located in the following cities: Fort-de-France 5, Francois 1, St. Pierre 1, Ste. Marie 1, Trinite 1, Lamentin 1, Vauclin 1, Riviere Pilote 1, Lorrain 1, Basse-Pointe 1, Precheur 1. All theaters have two or three showings a week, and all but two are properly wired for sound. Admission prices in the cities range from 1 to 10 francs and in the smaller towns and villages from 3 to 6 francs (a franc is equal to \$0.034 American currency). In the cities and larger towns where prices of admission are higher, the program consists of one news reel and one feature picture. Sunday

nights when there is an increase in the prices a short comedy is included. In the low-price villages only one picture is shown. Feature pictures are shown twice, usually at the 6 p.m. showing and again at the 9 p.m. performance. In the villages a picture is shown once only, after which it is sent to Fort-de-France and returned to the distributor.

Favorite type of picture: It would appear that any picture is acceptable just so long as French is used, the accepted language of the island. American films "dubbed" in French are not objected to by the theatergoers. The amount of the tax on each admission is included in the cost of the ticket, and it varies according to the locality and the city and town.

The foregoing remarks concerning Martinique apply equally to the industry as established in Guadeloupe with the following exceptions; There are two motion-picture houses, similar to those established in Martinique, operating in Pointe-a-Pitre, and two in Basse-Terre. All are equipped for sound. It is assumed that each town and village on the island has at least one place where films are shown.

SOUND-

There are 15 theaters wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	149,298 ft.	\$4,494
Negative sound	---	---
1936 - Positive sound	88,927 ft.	\$1,692
Negative sound	---	---

* * *

GERMANY

LEGISLATION-

The entire German film industry is now subject to Government control under the direct supervision of the Ministry of Propaganda. This control includes financial support, credit facilities through the Film Kredit Bank, as well as assistance through other means, such as propaganda, etc. Subsidies are paid partially from the proceeds of the amusement tax and partially from other sources. The net receipts from contingent licenses are distributed among German film exporters, but the sums involved are not important. In the absence of the budget or other figures, it is impossible to estimate the total of Government financial assistance to the industry.

The importation of foreign films into Germany is regulated on the basis of annual contingents. The German Film Contingent Decree of July 15, 1930, expired on June 30, 1936, and was replaced by an enabling act of July 1, 1936, which empowered the Minister of Propaganda to establish the conditions under which foreign films might be imported. This was effected by the Decree concerning the Exhibition of Foreign Films, of July 12, 1936. Under this decree the number of permits which may be issued for the importation of foreign feature sound films was set at 105. Of these, 60 may be nontransferable licenses issued to German distributors in proportion to the number of films distributed by them; 30 may be transferable "export permits" issued to German film exporters in proportion to the number of films exported; 15 are reserved for the free disposal of the Ministry of Propaganda. The license fee is set at RM (Reichsmarks) 10,000, which is reduced in proportion to expenditures in Germany for "dubbing", etc. Only the second group (export permits) are of practical interest to the American industry.

This decree also includes a provision to the effect that "permits" may be refused in the case of films submitted by producers who persist in issuing films "whose tendency or effect is injurious to German prestige or which have been produced in a state in which the distribution of German films is hampered by impeding restrictions." This restriction applies also to "films in which actors participate who have previously appeared in pictures detrimental to German prestige". The definition of what may be considered as "injurious to German prestige" and the application of this restriction is left to the Ministry of Propaganda. In view of the fact that the German authorities are convinced that the American companies, through "impeding restrictions", are responsible for the failure of German films in America and that, furthermore, the regulations are applied in accordance with official "Aryan" principles, the effect is to keep imports of American films at a strict minimum necessary to supplement the insufficient German production of feature films.

Although no formal preference is given other foreign films as against American, in actual practice certain other countries are favored. Thus there is an actual preference in favor of the production of countries with which Germany has compensation agreements or "cooperation agreements". Questions of political propaganda also unquestionably enter into the picture and largely determine the allocation of the licenses at the disposal of the Ministry of Propaganda.

By the decree of August 6, 1937, the permission of the Reich Film Chamber is required for the establishment of any new enterprise for the production, distribution, preparation, or performance of motion-picture films. The president of the Chamber is empowered to grant such permission if he considers the enterprise necessary from the standpoint of the German film industry and if he is assured of the financial soundness of the concern and of its capacity for satisfactory management and production.

CENSORSHIP-

American films coming into Germany are subject to the approval first of the Contingent Office (Kontingentstelle) and subsequently of the Board of Censors (Zensurstelle). The former permits or disallows the entry of the film only on the basis of the personnel concerned in its production and distribution. The Board of Censors reviews the film itself, approves or rejects it, requires cuts and alterations, etc. The "dubbed" German text must also be approved by the Censors.

During the season 1936-37, the Board of Censors passed 165 long feature films, of which 96 were of German, 36 of American, and 33 of other foreign origin. The Board rejected 5 films, 3 being American, 1 French, and 1 Austrian. These statistics of rejections, however, are misleading because they do not take into account the far larger number of films disallowed by the Contingent Office before reaching the Board of Censors.

While the regulations governing the censorship are in themselves not unduly severe, they are so elastic as to give the Board a fairly free hand to prevent the admission of any films against which there might be (from their point of view) any sort of objection. Reasons for rejection are usually rather vaguely phrased, as "artistically inferior", "offensive to National Socialist feeling", etc. Other considerations are sometimes mentioned, for example, "reflecting against German prestige", "detrimental to the honor of the German army", "racially offensive", etc. As compared to such motives for rejection, moral considerations are of secondary importance.

COMPETITION-

The principal foreign competitors of American films are the French and Austrian productions. The following table shows the nationality of films exhibited in Germany in 1935 and 1936:

Country of Origin	1935			1936		
	Number	Percent	length (m)	Number	Percent	length (m)
	Long feature films (over 1,000 meters)					
Germany.....	92	48.2	230,688	111	60.6	274,518
United States....	41	21.5	43,756	33	18.0	74,508
France.....	16	8.4	39,327	11	6.0	26,105
Austria.....	17	8.9	41,351	17	9.3	42,301
All others.....	25	13.0	58,614	11	6.1	25,649
Total.....	191	100.0	413,736	183	100.0	443,081

Country of Origin	1935			1936		
	Number	Percent	Length (m)	Number	Percent	Length (m)
Short feature films (less than 1,000 meters)						
Germany	41	87.2	23,547	90	95.7	49,094
United States	6	12.8	3,240	3	3.2	2,059
Others	--	---	---	1	1.1	478
Total	47	100.0	26,787	94	100.0	51,631

American films are generally well received in Germany and, in the larger cities especially, are often preferred to German films. In Berlin American films have broken records for length of run in first-run theaters. In the smaller towns, because of the press campaign against foreign (and particularly against American) films, the reception is not always so favorable.

COPYRIGHT RELATIONS-

The interests of the author and producer are fully protected under German law. Recommendations, however, have been made with a view to a better adjustment of existing law to the peculiar problems of film production and to National Socialist conceptions. According to these recommendations only the author of the film story would be entitled to copyright, but the producer would be protected under the "right of exploitation" (Verwertungsrecht). Legislation to this effect has not yet been enacted, depending somewhat upon similar action in other countries.

PRODUCTION-

For the 1936-37 season, 153 long features (i. e., over 1,000 meters in length) were announced, of which 112 were completed and passed by the Board of Censors. For the 1937-38 season, 125 long features have been announced. German film production for the calendar years 1935 and 1936 was as follows:

Type of film	1935		1936	
	Number	Length (m)	Number	Length (m)
Features:				
Long	92	230,688	111	274,518
Short	41	23,547	90	49,094
Non-theatrical films	1,165	361,747	1,306	389,727
Total	1,298	615,982	1,507	713,339

German requirements for long feature films have been estimated at 200 to 220 annually.

Educational films for school use are produced and distributed by the National Educational Film Bureau, which was established in 1936. This Bureau has so far produced some 300 narrow-gauge films, of which about 100,000 copies have been made and distributed.

The organization of the German film industry under the control and direction of the Ministry of Propaganda has now been made complete. This has led to the elimination of financially weak and poorly equipped film concerns, either through liquidation or consolidation. Production facilities are now generally adequate and there is no difficulty in financing approved projects.

Production technique, though on the average of high standard, probably does not reach the quality of the best American productions.

There are no objections to the "dubbing" of American films in German, though, particularly in conversation pictures, it is often difficult satisfactorily to adjust the language to the tempo of American dialog. Most American pictures shown in first-class Berlin theaters retain the original dialogue with the addition of German captions. In the Provinces complete German text is usual.

"Dubbing" of films for local exhibition must be done in Germany, but a deduction in proportion to the cost is allowed from the license fee.

TAXES-

The amusement tax amounts nominally to 15 percent of the admission fee and is usually absorbed by the film renter. As reductions are allowed for approved films, amounting in exceptional cases to the entire amount of the tax, the actual percentage paid is considerably less than the nominal tax. The fact that an approved culture film must be shown at every performance automatically reduces the tax at least to 12 percent. During the past year amusement-tax payments averaged 8½ percent of entrance receipts. Total receipts from amusement tax for 1935-36 were RM 17,000,000 and for 1936-37 they are estimated at RM 20,000,000. Except for the import contingent fees, film companies are subject only to the usual taxes imposed on German industrial enterprises — that is, income, turnover, and corporation taxes. Import duties are insignificant, amounting to RM 2,000 per 100 kilograms for positives, developed or undeveloped. Developed negatives are free of duty.

THEATERS-

According to the latest census of the Reich Film Chamber there are 5,302 film theaters in Germany, of which 2,306 are in daily operation. These figures apply only to commercially operated cinemas and do not include places where films are shown irregularly for special purposes without admission charge. By the Decree of August 6, 1937, no new enterprise intended for the production, distribution, preparation, or exhibition of films may be established without the permission of the Reich Film Chamber.

The seating capacity of German film theaters is given by the above census as 1,943,049, of which 1,196,900 seats are in theaters operating daily. A later estimate places the total at about 2,000,000. The average seating capacity of all film theaters is 366; of those in daily operation, 512. The average admission price is RM 0.75.

German audiences show no marked preference for particular types of pictures. There has apparently been some decline in the popularity of period and musical films.

The gross income of German film theaters for the 1936-37 season was RM 273,000,000 as compared with RM 228,000,000 in the preceding season.

No satisfactory estimate of capital investment in the German film industry is available, but the total is probably in the neighborhood of RM 500,000,000, or about RM 250 per cinema seat.

SOUND-

All German theaters listed in the census of the Reich Film Chamber are sound-equipped. Apparatus used is exclusively of German manufacture and under present circumstances there is no opportunity for the sale of American equipment.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	916,768 ft.	\$29,042
Negative sound	53,564 ft.	\$3,627
1936 - Positive sound	372,771 ft.	\$8,839
Negative sound	55,560 ft.	\$1,789

* * *

FRANCE

LEGISLATION-

There are no laws in France controlling or prohibiting the movement of funds into or out of France. And there are no laws in France giving films from other countries or those produced in France preference over American films. The Franco-American Trade Agreement includes a clause safeguarding American films from such discriminatory action, and, as this agreement is still in effect, American films continue to be so protected.

The French film quota regulations for the film year July 1, 1937, to June 30, 1938, were published on June 24, 1937, and contain the following provisions:

"Article I - The present decree will be effective from July 1, 1937, to June 30, 1938.

"Article II - With the reservation of the restrictions mentioned below, the importation and presentation in France of films of foreign origin is unrestricted.

"Foreign films are subject to the same regime as films produced in France, particularly as concerns the application of censorship by the Film Control Service.

"Article III - 'dubbed films of more than 900 meters, of foreign origin, may not be shown in public in France except within the limit of 94 films per semester and under the following conditions:

"1. Dubbing must have been effected in studios situated on French territory, within a period of 4 months from the date the request was filed, certified by the payment of the required tax.

"2. These films must be presented to the public at the beginning of the presentation as 'dubbed films' with the title in the original language, its exact translation, and eventually the title under which the film is presented and with the indication of the artists interpreting the visual part and the names of the artists interpreting the spoken parts. Furthermore, mention must be made of the country of origin and the district in which the dubbing has been effected.

"3. For films regularly inscribed before July 1, 1937, and which have not received a visa as a result of the exhaustion of the contingent for the preceding decree valid from July 1, 1936, to June 30, 1937, the 4-months delay will begin to operate only from July 1, 1937.

"Article IV - For films of all kinds, originating in foreign countries where the exploitation of French films is submitted to restrictions, the public showing in France will be subordinate to agreements with the interested governments.

"Article V - With the reservation of the application of Article IV, original films in a foreign language, with the exception of the animated cartoons, may not be shown in public in more than 5 theaters in the Department of the Seine and 10 theaters in the other Departments, but not more than a maximum of 2 theaters per Department.

"Derogations from this limitation may be accorded by the Minister of National Education.

"Article VI - Non-observance of any one of the above provisions will cause the refusal or withdrawal of a visa.

"Article VII - The Prime Minister, the Minister of the Interior, the Minister of Foreign Affairs, the Minister of National Economy, the Minister of Commerce, and the Minister of National Education are entrusted with the execution of the present decree."

The above provisions are unchanged from those in effect during the preceding film year despite the strenuous efforts of local producers to effect more stringent import control, distribution, and exhibition quotas.

Since the Franco-American Trade Agreement went into effect there have been continual efforts on the part of French interests to circumvent the film clause of the Franco-American Trade Agreement and destroy the protection that clause provides for the American films.

Both publicly and before the Parliamentary Film Commission which conducted an investigation this year, certain interests, opposed to the American film industry, have advocated the denunciation of the film clauses in the present Agreement and have suggested that the only way to get around it would be to limit film programs in France to one single feature. It is the general belief of these people that with the limitation of programs to one single feature film the American dubbed films will be eliminated from the French market. The American dubbed films form the first part of the majority of the cinema programs in the provinces. The revenue from American dubbed films form the bulk of the revenue from American films in France.

At the present time, it is understood that a film bill, known as the Zay bill, is being prepared by the Ministry of National Education. According to the cinema trade press, this bill will provide for cooperative control and operation of the cinema industry; this would be along the lines of that existing in Germany and Italy but would be even more centralized and would

parallel more closely the Government control of the U. S. S. R. According to the trade press, the new bill will include sections providing for the practical nationalization of the film industry.

Insofar as the American industry is concerned, if the proposed bill is as reported there is no doubt that the present operation of the American companies in France will be made most difficult.

According to the trade press, the bill is said to include the following:

1. Precensorship-

A cinema control commission would be named by the Minister of National Education, and this commission would first review all films to see whether they are worthy of being presented to the censors. A measure similar to this has been previously proposed. The cinema control commission would include the French film producers, authors, scenario writers, journalists, film critics, writers, etc.

2. Export visas-

This measure is proposed to prevent the exportation of French films which are not considered worthy of being shown abroad. It is intended to prevent the exportation of rather "light" French films which in some countries are considered as immoral and as reflecting on the morals and prestige of France.

3. Dubbing tax-

A dubbing tax up to 25 francs per meter might be instituted. According to trade reports this measure would be included in the bill and, if adopted, would be enforced should the Franco-American Trade Agreement be denounced. Such a tax would increase the overhead charges of releasing American dubbed films by a very large percentage.

4. Central film syndicate-

The bill recommends that all trade syndicates be grouped in one central syndicate including representatives of the C. G. T. (General Confederation of Labor).

The board of directors of this central syndicate would include two representatives for each of the four employers' syndicates (producers, distributors, exhibitors, and technical industries), two representatives of the C. G. T., two representatives of the Government named by the Prime Minister, who would have the right of initiative and the right to veto.

5. Central cinema commission-

If the industry should refuse to form a central film syndicate as outlined above, the Government would form a central cinema commission including one member of each of the employers' groups, four members representing artists, employees, and workmen, one member representing the Prime Minister, and one member each for half a dozen different Ministries.

Apparently this group would direct and control practically every phase of operation in the film industry.

6. Arbitration committee-

An arbitration committee would be formed, including representatives of various Government agencies and of the film industry as well as some private individuals, and would handle not only conflicts in the industry but also all questions concerning the organization of the film market.

7. A central collecting agency-

A central collecting agency would control all monies in the film industry and collect all revenues from the release of films in the cinemas. It would be an organization in the form of a stock company, yet submitted to the control of the Government. It would collect information about every producer, distributor, and exhibitor. It would centralize all contracts for all films and execute them. It would, as a matter of fact, replace completely the distributors as they are now constituted. In the future, if this measure is adopted, distributors would be nothing more or less than receiving and transmitting agents.

This agency would subtract from the revenue of all films the amount of money which is considered necessary for its operation, use some of the money for the subsidy of the production of French films, and distribute the remainder to the interested parties.

From the accounts of the trade press, it would appear that the decisions of these proposed dictatorial bodies, based on ideas from Italy, Germany, and Russia, would be obligatory on everybody in the film industry, whether a member of a syndicate or not.

In addition, it is rumored that in the new bill there will be measures providing for the limited use of non-flam films of 35-mm width, the limitation of double programs as covered in the early part of this article, and a measure providing that French cinemas must show a certain number of French documentary and propaganda films each year.

CENSORSHIP--

Official statistics for the whole year 1937 are not available, but the following were visaed during the period January 1 to September 30:

- 86 films in the French language.
- 10 French films with French commentary.
- 149 foreign films dubbed into French.
- 10 foreign films produced abroad in the French language.
- 48 German films in German.
- 2 German films with commentary in German.
- 1 German sound film.
- 5 German films in German language.
- 153 American films in English language.
- 1 American film with commentary in English.
- 4 Austrian films in German language.
- 1 Egyptian film in Arab.
- 7 Spanish films in Spanish.
- 1 Spanish film with French commentary.
- 1 Hungarian film in German.
- 2 Italian films in Italian.
- 2 Japanese films in Japanese language.
- 1 silent Norwegian film.
- 13 Russian films in Russian.
- 1 Russian film with French commentary.
- 1 Swiss film in German.
- 1 Swiss film with French commentary.
- 1 silent Swiss film.
- 1 Czech film in German.
- 20 English films in English.
- 1 Arab film in Arabian.

TOTAL: 523 big films.

Dubbed films censored from January 1, 1937, to November 23, 1937:

German.....	14
American.....	140
Spanish.....	2
English.....	15
Austrian.....	1
Russian.....	3
Italian.....	3
Hungarian.....	2
Polish.....	1
Czech.....	1

It should be noted that many films in this last list have been counted twice, because they have been counted when they were visaed in the original language and they were also listed when they were visaed in the dubbed version.

The following table gives statistics of the number of dubbed films visaed in France, by semesters, from the second semester of 1934 until November 23, 1937. (It will be recalled that the quota law provides that only 94 dubbed films may be visaed per semester or a total of 187 per year. The cinema year is considered as running from July 1 to the following June 30.)

Dubbed Films Visaed in France.

Origin of film	Second semester 1934	First semester 1935	Second semester 1935	First semester 1936	Second semester 1936	First semester 1937	Second semester to Nov. 23, 1937
American.....	75	67	77	70	71	66	74
German.....	1	7	6	4	6	7	7
English.....	5	11	7	8	14	6	9
Austrian.....	—	3	2	4	4	1	—
Czech.....	1	—	—	—	1	1	—
Danish.....	1	—	1	2	—	—	—
Hungarian.....	—	3	1	—	—	1	1
Italian.....	2	3	3	—	—	2	1
Polish.....	—	—	—	1	—	—	1
Russian.....	—	2	—	—	3	2	1
Spanish.....	—	1	—	—	—	2	—
Swiss.....	—	—	—	1	—	—	—
Total.....	85	97	97	90	99	88	94

No films are known to have been rejected definitely in the past year in France, although several were held up temporarily. The censors report that no American films were rejected during the year, although there was some delay in passing two or three on political grounds.

The censors were slow during the year in passing films including scenes of violence, in view of the strained atmosphere in France during the early part of the year.

Censors have occasionally feared that if scenes including violence were passed and shown in the cinemas in France they would incite violence in the audience. It is interesting to note that when such films have been shown there is no record of such demonstrations.

Censorship in France is rather liberal and is primarily political. Censors rarely ban films definitely, although they often request cuts.

Below is given, in translation, a circular on film censorship, signed by Edmond See, head of the French censorship board. This circular was interpreted in film circles as an indication that the French censorship board would become more strict. It is reported, however, that the circular in question does not mean a change in censorship methods but is merely formulating principles of the film censors under which they have been operating but which have never been written.

On the whole, the French people do not favor strict film censorship.

(Translation)

"From the Ministry of National Education
From the Department of Fine Arts
From the Film Censor Board

Palais-Royal, October 25, 1937

From: The Director of the Film Censor Board
To: The Producers, Distributors, and Exhibitors of Films

"In accordance with instructions from my superiors, I have the honor to communicate to you the decisions mentioned hereafter, pertaining to the production of films.

"A. In future visas will be absolutely refused by the Commission of Film Censorship for:

"1. Films having a tendency to ridicule the Army or capable of diminishing its prestige.

"2. Films liable to shock the national sentiments of foreigners and thereby bring about diplomatic incidents.

"3. Films showing armed attacks (hold-ups), burglaries with housebreaking, and any similar criminal attempts which might have injurious influence on the minds of youths.

"B. Visas will only exceptionally be granted for:

"1. War or spy films, which, for some time, have had a tendency to increase.

"2. All films based on military or police stories other than those mentioned above.

"For these categories of production for films relative to National Defense, great State institutions, French or foreign high officials and for any other which you should deem necessary to submit to me, you will kindly consult me before proceeding to produce the film and communicate to me, for examination, the detailed scenario of the film proposed.

"I take this opportunity to remind you that by the terms of article 4 of the decree of May 7, 1936: 'Films must be submitted to the censors at least 8 full days before trade presentation to the public.'

"On account of the requirements of the service this measure will be very strictly applied without exception beginning November 1, 1937. (Sgd). Edmond See."

COMPETITION-

On the whole the French people are beginning to prefer their own films in view of the marked improvement in French production during the past year, in which several notable successes have been released in France. American films continue to enjoy a decided preference over English and German films. At the present time German films arouse very little interest in France.

There are two types of releases in France of American films:

- (a) Releases in the original version in approximately 25 cinemas.
- (b) Releases in the dubbed version, which are sold throughout France.

Original versions of our films may be shown only in 5 cinemas in Paris and 10 in the provinces. In the provinces there is very little demand for original versions. The cinemas which specialize in original versions show American films mostly. Approximately 60 percent of all the original versions of foreign films are American films, and undoubtedly a larger percentage of the total business in original versions of foreign films is done with American films.

A better picture of the general release of films throughout France may be obtained from the comparison of release of dubbed foreign films and French films. Dubbed foreign films may be sold freely throughout the country in the same way as French films are sold.

The total French production for the year 1937 was 121 films, and the total number of dubbed films which have been visaed during the year was 182, making a total of 303 films which were theoretically on distribution throughout France.

Approximately 75 percent of the films dubbed each year are American films. American dubbed films make up approximately 45 percent of all films released throughout France.

These figures and percentages refer solely to the number of films and not to playing time. It is impossible to obtain complete statistics of the playing time given over to American films in the cinemas of France each year. A great many of the American dubbed films are shown on double feature programs in the suburban and provincial cinemas.

American films are very well received and liked by the French public, but it is doubtful whether they are preferred to the well-executed domestic films. The French would appear to prefer first of all their own good films, and second the American films.

COPYRIGHT RELATIONS-

* France adheres to the Berne Convention, and film producers who conform to the requirements of the Convention by simultaneous "publication" in one of the countries which are members of the Berne Union are protected.

PRODUCTION-

As indicated above, French production for the year totaled 121 films. French production facilities appear to be quite adequate, and from well-informed sources it is reported that present French technique compares favorably with that of American films.

The Government does not directly subsidize the French motion-picture industry. It has granted small sums to producers of educational films and, more recently, to the producer of an entertainment film relative to the Navy. This was done more or less as propaganda.

The Government is directly interested in the Gaumont Franco Film Aubert, known here as G. F. F. A. The Banque Nationale de Credit, which failed several years ago, had advanced more than 200 million francs to the G. F. F. A., which in turn went into the hands of the receiver. The Government, through the Bank of France, took over the assets of the Banque Nationale de Credit and thus obtained the control of the G. F. F. A. films. There is an active element in France, including the C. G. T. (General Confederation of Labor) which desires the Government to operate the G. F. F. A. directly as the first step to a nationalization of the film industry. At the present time, the Government names the administrators of the company.

It is expected that, in order to keep the company operating (for it is continuously losing money), the present legislators will grant an important appropriation to the G. F. F. A.

At the present time, French banks are reluctant to discount film-producer paper because the Bank of France will not discount these notes. There have been numerous financial scandals in the French industry, due, for the most part, to the influx of film producers from Central and near-Eastern Europe.

During the past 18 months English insurance companies have been handling the financing of a large part of the French film production. From all reports it appears that the representatives of these English insurance companies have helped to put some order into the business of the French producers. There has been, however, some strain in reimbursing these loans made in pounds, following the several devaluations of the franc.

In general there is no objection to American films "dubbed" in French. However, there is a clientele which prefers foreign films in the original version and it is to this clientele that the 25 cinemas which specialize in this type of film cater. The total of this business in the original version is estimated at about 3 percent of the total business of all the cinemas in France.

The public of the neighborhood and provincial houses prefer the "dubbed" versions to the original versions. In any case the law prevents the showing of each original version in more than 5 cinemas in Paris and 10 in the provinces, and of foreign "dubbed" films, to be shown in France, must be "dubbed" in France.

French, of course, is the predominant language.

TAXES-

Cinema taxation in France is very high. Cinema theaters are taxed anywhere from 10 percent to nearly 23 percent of their total gross revenue. In addition to the numerous regular business taxes, including a very high "patente" tax and special taxes on publicity posters, distributors pay unusually high taxes, including a 2 percent turnover tax on every rental as well as an additional 8 percent "production" tax on the cost of prints. They are likewise taxed on posters and must pay numerous other special taxes.

Import duties are relatively high, and to them must be added what is in effect an import duty, namely, the cost of "dubbing", for as already stated, an American film in its original version may not be shown in more than 5 cinemas in Paris and 10 in the provinces.

The theater tax decree of July 25, 1935, (*) is still in effect.

* As published on pp. 71-72, "Review of Foreign Film Markets during 1936".

Article 3 of this decree provided that municipalities of over 110,000 population (16 in France) might reduce the "poor tax", but did not say that the poor taxes must be reduced. This was the result of many years' fight of the cinema exhibitors against the tax.

The poor tax on the cinemas of Paris was reduced from 10 percent to 8.75 percent, beginning March 28, 1937. (1) It is the first time since the French Revolution that there has been a reduction in the poor tax, which, in principle, is assessed on all amusements and which has been 10 percent since its imposition.

Special taxes on cinemas (including poor and State taxes) total in Paris per year about 70,000,000 francs and for the remainder of France 110,000,000 francs, making an estimated total of 180,000,000 francs.

One of the highest taxes paid by exhibitors is the so-called "patente" or license tax. Exhibitors have long pointed out that theaters are favored over cinemas in this respect. An example is given of a theater which as a legitimate theater paid a "patente" of 1,400 francs a year and when it was transformed into a cinema, the "patente" was between 15,000 and 16,000 francs.

The following table shows separately and cumulatively the State and poor taxes collected on each 100 francs of net receipts in Paris film theaters:

	<u>State Tax</u>	<u>Poor tax</u>	
First class.....	2 Frs.	8.75 Frs.	equals 10.75 Frs.
Second class.....	5 "	8.75 "	" 13.75 "
Third class.....	10 "	8.75 "	" 18.75 "
Fourth class.....	15 "	8.75 "	" 23.75 "
Fifth class.....	20 "	8.75 "	" 28.75 "

The percentages of the taxes imposed to the total box-office receipts, (including taxes and admissions), or the gross receipts which are used for statistics purposes are for each 100 francs of box-office receipts.

(1) The decree reducing the poor tax in Paris from 10 percent to 8.75 percent expired on December 21, 1937, and was extended by decree of January 13, 1938.

			Total box-office		Percentage of total	
<u>Admissions</u>		<u>Taxes</u>	<u>receipts</u>		<u>box-office receipts</u>	
1st class	Frs. 100	10.75	110.75	10.75/110.75	9.706 percent	
2nd "	" 100	13.75	113.75	13.75/113.75	12.088	"
3rd "	" 100	18.75	118.75	18.75/118.75	15.789	"
4th "	" 100	23.75	123.75	23.75/123.75	19.191	"
5th "	" 100	28.75	128.75	28.75/128.75	22.230	"

The decree of July 25, 1935, contains the previous regime of reduced State taxes for cinemas outside of Paris.

In addition, municipalities have the right to assess a tax on cinemas equal to 50 percent of the State tax. The poor tax remains at 10 percent except for cities of more than 110,000 population which may reduce it.

The Finance Law of 1932 permits municipalities outside of Paris to maintain the cinema taxes at the same rate which existed before the Finance Law of 1930.

Therefore, there are three possibilities for the taxation of cinemas outside of Paris, namely:

- (1) Those on which there is no municipal tax.
- (2) Those on which there is a municipal tax of 50 percent of the new reduced State taxes.
- (3) Those on which there is a municipal tax, maintaining the old rates, in accord with the Finance Law of 1932.

The outstanding and heaviest taxes in France on the distributors of American films are:

1. The 2 percent turnover tax on all films, rentals, and charges for accessory hire.
2. The 8 percent "production" tax on prints.
3. The "patente" or trade-license tax on main offices and branch offices in France.

The most important tax is the 2 percent turnover tax assessed on every rental and also on transactions involving the rent of posters and publicity matters to exhibitors.

The 8 percent "production" tax on prints is assessed on prints imported from the United States or any other country, in addition to the regular duty, and on prints made for the American companies in France.

The "patente" tax is a trade-license tax assessed on all offices and is based partly on the rent and partly other considerations. It is an important item.

In addition to the above taxes there is an apprentice tax of 2 percent on all salaries paid by the distributors.

There is a 14 percent tax on net profits which is assessed before dividends are declared; then there is a tax of 24 percent on dividends, if declared, which is deducted before dividends are paid to the holders of bearer shares. There is also a tax of 4 percent on undistributed profits.

The import duty on developed films is 20 percent ad valorem. This duty is assessed on arbitral value, fixed several years ago by the customs authorities on the recommendation of a French trade organization, at 25 francs per meter for negatives, 5 francs per meter for positive films, and 1 franc per meter for sound effects on films.

In addition, there is the 8 percent "production" tax assessed on all positive prints imported.

In addition to all these, there are small charges for customs, statistics, the French Chamber of Commerce, etc., assessed against all imports.

THEATERS-

There are approximately 4,500 theaters in France. The total seating capacity of these theaters is approximately 2,300,000. It is very difficult to give a figure for the average admission price to cinemas in France. The average price for the first runs which show only original versions of foreign films is about 20 francs per seat. The average admission price to all other cinemas in France may be estimated at from 8 to 10 francs per seat. Admission prices range from 3 francs to 30 francs per seat.

At the present time the majority of the French public prefers gay light comedies featuring well-known local stars. After this type of film they prefer the so-called super-films in modern rather than historic style. Generally speaking the French public does not like the historical costume films. The public of the cinemas on the Champs-Elysees which specialize in original versions prefer, at the present time, gay light comedies from the United States.

During the past year the American colored films have had exceptional success in the neighborhood and provincial houses. The Champs-Elysees public has not been particularly enthusiastic about colored films, but the great number of film fans have rushed to see this type of film during the past year. The French have shown no particular interest in either English or German films during the past year.

The yearly gross income at film theaters is estimated between 900,000,000 and 920,000,000 francs for 1937, an increase of about 50,000,000 francs over last year.

SOUND-

Approximately 3,700 out of a total of 4,500 theaters are wired for showing sound films.

Further sales of up-to-date sound equipment for cinemas in France have become very difficult. Of 3,700 wired houses now in France, competent representatives in the trade estimate that no more than 2,000 are really equipped with anything like good apparatus. Many of the other 1,700 cinemas are open only one or two days a week and their revenue is probably too limited to permit them to buy and install up-to-date sound equipment.

The 800 cinemas which are not equipped for sound are located in very small villages and are for the most part opened only one day a week. Their revenues are too small to permit the purchase of 35-mm sound equipment. It is possible that later these cinemas may be able to purchase discarded equipment from the more prosperous cinemas, but it is more probable that they will ultimately install 16-mm sound projection machines which are now being offered for sale in France.

In addition, there are approximately 1,000 more localities in France where there are no cinemas, which may offer a market, particularly for 16-mm apparatus.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	7,930,138 ft.	\$151,492
Negative sound	299,786 ft.	\$9,236
1936 - Positive sound	7,896,664 ft.	\$168,935
Negative sound	266,695 ft.	\$10,014

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GREECE

LEGISLATION-

Motion-picture films are included in Group A of the Greek import-control schedule; with the exception of certain limitations outlined below, their importation is free of quota and exchange restrictions.

In the case of films imported from countries such as Germany, which have official clearing arrangements with Greece and a trade balance in the latter's favor, payment of drafts covering royalties and prints is effected without difficulty. The same is true of the United States and England, which countries do business with Greece on the basis of payment in unrestricted foreign exchange both for imports and exports. In the case of countries such as Austria and Czechoslovakia, with which Greece has clearing facilities but an adverse trade balance, payment is delayed until drafts can be settled in chronological order as funds become available in the clearing accounts. In the case of Greek imports from countries like France, with which all trade is subject to private barter arrangements, a premium usually must be paid by the importing firm to an exporter of Greek products for the use of his so-called compensation exchange permit. In the case of imports from France, this premium currently (December 1937) ranges between 25 and 30 percent.

There are no limitations on the importation and exhibition of news reels and shorts not exceeding 500 meters in total length. These may be imported by anyone in any quantity, and exchange to pay for the cost of prints and about \$75 per reel for royalties is made available in accordance with the general methods described above.

The formalities to be observed in importing feature films from any country may be summarized as follows:

(1) When clearing a film the local importers are required to file with the customs authorities the following documents:

(a) A signed declaration to the effect that the film to be imported will be exhibited for the first time between October 1 and May 1, which period represents the theatrical season in Greece.

(b) A signed declaration specifying whether the film to be imported will be exhibited for the first time and for a full week in a motion-picture theater in Athens charging 20 drachmas (18 cents) and up for an orchestra seat or in a theater charging less than 20 drachmas; also undertaking that in the course of the same week no other feature film will be exhibited in the same theater.

(2) It is forbidden to import feature films intended for exhibition in first-run houses with orchestra-seat admission fees of 20 drachmas or more, if they are invoiced at more than 200,000 drachmas (about \$1,800) including royalty and cost of first print. It is also forbidden to import films intended for release through houses with orchestra-seat prices of less than 20 drachmas which are invoiced at over 60,000 drachmas (\$540). The above invoice values must be certified by the Invoice Control Commission at the port of entry. These commissions are authorized to disallow any amounts exceeding the above-mentioned values. Extra prints of films may be imported and paid for in unrestricted exchange provided no royalties are included in the invoice.

(3) Exhibitors operating air-conditioned motion-picture theaters are exempt from the requirement of releasing films imported by them only between October 1 and May 1 (paragraph 1 (a) above).

(4) All royalty rights must be shown on the invoice and must be settled at the time of importation of the film. No exchange may be obtained for royalties based on box-office receipts.

Foreign shippers are required to sign and mail directly to the Invoice Control Commission at the Greek port of destination the original invoice covering each shipment to be cleared through Greek customs. A signed copy of the same invoice must be mailed to the consignee for presentation by him to the Invoice Control Commission for purposes of verification. To obviate delays in the delivery of mail addressed to a commission, it is better to use the French title: Commission de Controle des Factures. No street address is necessary -- simply the name of the city.

CENSORSHIP-

Film censorship is controlled by the Domestic Press Bureau of the Ministry of Press and Tourism. Existing regulations provide that all films to be exhibited in Greece must be censored and furnished with a numbered license. The license number must be shown under the title of each film, together with a statement as to whether the film has been approved for children and adults. Children under 16 years of age may not be admitted to motion-picture theaters unless the film shown has been approved by the Censorship Board as suitable for children. Preview of films is not required for censorship purposes; only a synopsis of the story with full translation of the dialogue. It is only in exceptional cases or when there is some doubt as to the character of the film that a preview is required.

Until 1936 film censorship was quite lenient in Greece. Subsequently it has become very severe as regards communistic propaganda or ideas which may be considered as radical. Films even remotely connected with political or social revolutionary movements, including the French Revolution, are liable to be banned or so mutilated as to make them unsuitable for exhibition. Censorship

is also rigid on "detective" or "gangster" films derogatory to the prestige of police authorities or which dramatize criminals and leave crime unpunished; also on films likely to hurt the feelings of friendly nations. As to private morals censorship is fairly lenient, and society plays are seldom objected to by the Board of Censors.

The only film-censorship statistics available are for the period from February 1 to October 1, 1937. During the above period a total of 201 motion-picture films were censored, of which 194 were passed and 7 were rejected. Of those rejected three were of American production. In addition certain passages were cut from one American film. According to the Ministry of Press and Tourism, the general reason for rejection was "subversive propaganda".

COMPETITION-

At present American films control fully 70 percent of the Greek trade. Included in this percentage are films dubbed or produced in the European studios of American producers. During 1937 the position of American films was further strengthened. This is attributed by the trade partly to the better quality of American films shipped to Greece and also to the generally poorer quality of German films, which in the past enjoyed tremendous popularity in this country. It has been pointed out that improved dubbing technique and clearer speech on the part of American actors and actresses went far to increase the popularity of American films in Greece, both in dubbed and original versions. Evidence of the latter may be seen in the fact that beginning with the 1937-1938 season one of the leading theaters in Athens has inaugurated the plan of devoting the opening day of its weekly programs to the showing of original English versions (with Greek subtitles) of all American films exhibited; previously nearly all of the films shown were dubbed (French) versions. Also the number of films shown in original English versions for a full week in first-run houses is increasing rapidly.

During 1936-37 a marked improvement was noted in the quality of French films, and French participation in the local film trade is expected to be larger in 1937-38.

Society dramas and musical comedies appeal to the more prosperous classes, but there is also a very good market for American "action" films. Historical films are in better demand than a few years ago.

During the period from October 1, 1936, through September 30, 1937, a total of 355 feature films were released in Greece. Of these 253 (71 percent) were American, 63 (18 percent) were German, and 28 (8 percent) French.

COPYRIGHT RELATIONS-

Under the reciprocal copyright protection agreement signed between Greece and the United States on January 27, 1932, American films receive full pro-

tection. No films may be shown unless evidence is produced that all import duties and taxes have been defrayed.

PRODUCTION-

Confined to a few news and advertising reels and the filming of subtitles. There are no studios in Greece.

There is no production in Greece, and distribution is carried out mostly through independent exchanges, many of which handle a very limited number of films each year. Two American producers maintain branch offices in Greece in the form of companies organized under Greek laws, while the rest of the better-known American producers operate through local distributors.

TAXES-

The present schedule of taxation on motion-picture tickets is as follows:

	<u>Percent of Tax</u>
On admissions up to 10 drachmas	10 percent
On admissions of more than 10 drachmas and up to 15 drachmas	15 percent
On admissions of more than 15 drachmas and up to 20 drachmas	20 percent
On admissions of more than 20 drachmas	25 percent

In addition, motion-picture theater tickets are subject to the following surtaxes:

(1) Contribution to the Artists', Musicians', and Theater Technicians' Fund;

(a) 0.20 drachmas per ticket on admissions up to 5 drachmas.

(b) 0.50 drachmas per ticket on admissions of more than 5 and up to 10 drachmas.

(c) 0.70 drachmas per ticket on admissions of more than 10 and up to 30 drachmas.

(d) 1.50 drachmas per ticket on admissions of more than 30 drachmas.

(2) Surtax of 1 percent on net admission fees for the benefit of the Royal Theater (State-operated) in Athens.

Quite aside from the tax on tickets, motion-picture theaters are subject to a license tax of 20 drachmas per day for forenoon performances, 35 drachmas per day for afternoon performances, and 70 drachmas for evening performances. These taxes are levied regardless of the number of shows in each group. For cities of less than 10,000 inhabitants a reduction of 50 percent is accorded. All taxes are payable in advance, but a refund is made on unsold tickets. The daily performance tax is considered particularly onerous for the small second- and third-run houses, since it constitutes a disproportionate drain on their meagre box-office receipts.

The import duty on positive films, including all surtaxes, amounts to 126 drachmas per kilogram or approximately 51 cents per pounds. In addition, there is a 3-percent excise tax payable at the time of entry, which is calculated on the basis of the invoice value (cost of first print and royalties) plus the amount of import duty. The import duty, together with the surtaxes and clearing charges, averages about 0.70 to 0.90 drachmas (\$0.0063 to \$0.0081) per foot, depending on the amount of royalty rights.

THEATERS-

The total number of motion-picture theaters in operation in Greece is about 150. Many of these, however, do not operate regularly and are closed a good part of the year with frequent changes of management. Owing to the absence of adequate ventilating and air-conditioning facilities, practically all indoor theaters close down during the hot summer months. At the same time a large number of open-air theaters are started, using the projection and sound equipment of the indoor houses. The aggregate seating capacity of all the regular theaters is estimated at 70,000 to 75,000. There are nine first-run theaters in Athens, totaling about 13,000 seats. Admission prices range from 5 to 35 drachmas (4½ cents to 31½ cents). In Athens and Salonika first-run houses charge 18 to 25 drachmas (16 cents to 22½ cents) for orchestra seats, while in Piraeus 16 drachmas (14½ cents) is the upper limit.

Noticeable progress has been made since 1935 in the motion-picture theater business in Greece. Four large and fairly well-equipped theaters were erected in Athens, one of which is air-conditioned and can operate throughout the year. Along with the regular motion-picture theaters, a news-reel theater also was started in Athens in the early part of 1936 and has so far proved a success. One or two more news-reel theaters are being contemplated. The total investment in motion-picture theaters may be estimated at \$1,500,000 to \$2,000,000, a majority of which is accounted for by a few theaters in Athens. The motion-picture trade in Greece receives no subsidies of any kind from the Government.

SOUND-

With the exception of a few theaters located in small provincial towns, practically all motion-picture houses in Greece are wired for sound. The

equipment used in the provincial theaters is mostly assembled locally from imported parts. Practically all sound systems used can reproduce sound on film and disk. The possibilities of selling high-quality sound equipment to provincial theaters are extremely limited, owing to their low earning power.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,063,082 ft.	\$35,035
Negative sound	---	---
1936 - Positive sound	1,354,215 .	\$30,607
Negative sound	---	---

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GUATEMALA

LEGISLATION-

There are no quota or contingent laws governing imports of motion-picture films into Guatemala, and no legislation adversely affecting the distribution of American or other films in that country.

The only legislation enacted during 1937 having a bearing on the motion-picture industry in Guatemala was embodied in Legislative Decree No. 2178, of April 2, 1937, providing for exemption from customs duties of educational films and news reels, and in an Executive Order, reported to have been approved in October, 1937, requiring that firms or individuals wishing to make motion pictures in the country must obtain permission from the Ministry of Education, and must agree to respect the national dignity and culture in such pictures.

CENSORSHIP-

There is no official board of censorship in Guatemala, and, while censorship is exercised over the nature of pictures shown, it is generally lenient. Censorship is under the jurisdiction of the Chief of the Police Service, and exhibitors of motion pictures are held responsible for the type of pictures shown and are subject to fine if a picture contains anything contrary to the laws of decency and public order. The Guatemalan officials will also cooperate with consular or diplomatic representatives of other countries by prohibiting the showing of pictures to which such representatives object on the grounds that they represent their countries in an untrue or unfavorable light.

During 1937 four or five films have been rejected, three American and two Spanish-speaking films of foreign manufacture. Of the three American pictures rejected, one was banned upon request of the consular officials of

the country which it portrayed.

COMPETITION-

The chief competitors of American films in Guatemala are the Spanish-speaking pictures, chiefly Mexican and Argentine, and these films are continuing to push out the American films even though there are a number of American stars who are very popular here and whose pictures are still important box-office attractions.

In the districts outside of Guatemala City, the percentage of audiences understanding English is small, and there is also the group that does not read and to whom even Spanish titles are useless. For this trade, which represents probably 50 percent of the business, a Spanish-speaking picture, even though it may lack the finer details of construction, is preferable to any English-speaking picture. In Guatemala City, where a part of each audience enjoys and generally prefers American-made pictures, a Spanish-speaking picture has a very wide appeal. During the fall months of this year a very considerable impetus has been given to the Spanish-speaking films by the showing of probably the best film that has been made by the Mexican film industry. This picture was followed by two other films starring the same Mexican actor, and by the personal appearance of the actor in a concert in Guatemala City.

It is estimated that between 60 percent and 70 percent of the films imported into Guatemala are still American, but the percentage is somewhat lower than last year, and the average showing time of a Spanish-speaking film is from two to three times that of an English-speaking film.

A few German, French, and British pictures are imported into Guatemala, but they do not have a wide general appeal outside the foreign colonies.

COPYRIGHT RELATIONS-

Inter-American Copyright Conventions at Mexico City and Buenos Aires, January 27, 1902, and August 11, 1910, ratified July 13, 1914, and April 9, 1910.

PRODUCTION-

No motion pictures are produced in Guatemala.

TAXES-

Distributors pay a franchise tax, a stamp tax, and the regular 5 percent profits tax. Theater operators pay the license tax, 15 percent of gross receipts for the "Beneficencia Publica", and a profits tax. Customs duties on imports amount to \$1.50 per gross kilogram, plus 4 percent ad valorem consular fee.

THEATERS-

There are 34 exhibitors of motion pictures in Guatemala, including 18 theaters with an estimated total seating capacity of 18,000 and a number of clubs, halls on large plantations, etc., where motion pictures are shown from time to time.

SOUND-

Twenty-eight of the theaters and other establishments are equipped for sound, and there are one or two operators who have portable sound equipment with which they cover a number of small towns on a more or less regular schedule.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,131,046 ft.	\$17,756
Negative sound	---	---
1936 - Positive sound	1,215,406 ft.	\$16,784
Negative sound	---	---

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HAITI

LEGISLATION-

There is no legislation adverse to the introduction of motion pictures in Haiti.

CENSORSHIP-

According to the censorship law of July 12, 1935, those pictures which are found to be inadmissible to children under 18 years of age must be so advertised on the motion-picture billboard; children under this age must be refused admittance. The Department of the Interior is given the power to censor films which are considered to be immoral or dangerous to the maintenance of internal order. Non-compliance with the censorship regulations renders the exhibitor liable to a fine of from \$100 to \$500.

COMPETITION-

Films are 18 percent American and 70 percent French.

French pictures have gained immensely in this market during the past year. The above percentages are based on weight of films imported. If

value is taken, the percentages are about 11 for American and 33 for French. The language question is believed to be the principal factor in favor of French films. There is no objection to dubbed films if they are in French.

Imports were as follows (during the fiscal year ended September 30, 1937):

<u>Country of origin</u>	<u>Quantity kilos</u>	<u>Value, dollars</u>
Belgium.....	44	\$132.00
Chile.....	23	20.00
France.....	3,191	20,342.00
Germany.....	—	.40
Guadeloupe.....	234	535.20
Jamaica.....	171	463.60
United States.....	822	2,826.20
Total.....	4,485	24,319.40

COPYRIGHT RELATIONS-

Copyright protection is not available in Haiti.

PRODUCTION-

There is not, nor has there been, any production of motion pictures in Haiti.

TAXES-

A tax of 10 percent is imposed on theater admissions.

Communal taxes for movie houses or theaters located in Port-au-Prince are \$40 annually for theaters with seating capacity of less than 500; \$50 for those seating from 500 to 1,000; and \$60 annually or \$2 for each showing for those seating more than 1,000.

Moving-picture houses located in the other towns of Haiti are assessed \$30 each for a seating capacity up to 500; \$40 for a capacity of 500 to 1,000. Taxes for those with greater seating capacity than 1,000 are the same as provided for in Port-au-Prince. (Note: Communal taxes given are for motion-picture houses owned and operated by Haitians. Taxes are doubled in the case of foreign owned and operated theaters.)

Finished films, even though intended to be reexported, are classified under paragraph 11045 of the import tariff, which provides a duty of \$0.20 per net kilo. A surtax of 10 percent of the duties payable is provided.

THEATERS-

There are seven theaters in Haiti. The two most important are located in Port-au-Prince; the largest has a seating capacity of 1,200, and the second can accommodate 700. The others have an average seating capacity of 300 each. Admission prices range from 10 to 60 cents. Dramas are preferred, but musical comedies are also well received. As French is the official language of Haiti, French films are most in demand.

It is estimated that the investment in motion-picture houses and equipment in Haiti is \$150,000, of which \$100,000 is invested in one large establishment in Port-au-Prince.

SOUND-

All seven theaters are wired for showing of sound films, and, while small in size, it is believed that they amply fulfill the requirements for Haiti.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	204,172 ft.	\$1,434
Negative sound	---	---
1936 - Positive sound	308,786 ft.	\$2,655
Negative sound	---	---

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HONDURAS

LEGISLATION-

There are no exchange restrictions or contingent laws in force in Honduras. American films are in no manner discriminated against in that country, and there is no legislation affecting the distribution of them within the country.

CENSORSHIP-

According to statistics supplied by the local film-censoring bureau, a total of 306 films was censored during the fiscal year ended on July 31, 1937. Of this number, 8 were rejected. Those rejected included 2 American films, 1 German, and 5 Spanish films. The reason for the rejection of these films was their bad condition, including bad sound and the fact that some of them had been scratched.

COMPETITION-

The largest competitors of American films in this market are Mexican films. A conservative estimate of the percentage of American films exhibited in Honduras is 75 percent. American films are well liked.

COPYRIGHT RELATIONS-

Inter-American Copyright Conventions, Mexico City and Buenos Aires, January 2, 1902, and August 11, 1910; ratified July 13, 1914, and April 9, 1914.

PRODUCTION-

No films are produced in Honduras.

No objection is made to American films that are "dubbed" in the language of the country, which is Spanish. Though most foreign films shown in Honduras have either Spanish sound text or are "dubbed" in the native language, the films may be shown without either the Spanish sound text or the subtitles.

TAXES-

Motion-picture theaters in Honduras are required to pay from 5 to 10 lempiras (\$0.50 at present exchange) taxes for each day on which they operate. No tax is levied on distributors.

According to the Honduran Customs Tariff, motion-picture films imported into Honduras pay 0.05 lempiras duty per gross kilogram. In addition to this duty, the following tax is also collected on films imported: For each film in the Spanish language, whether silent or sound with titles in Spanish or combined with another language 15 lempiras. For each film in any other language or combined with Spanish, 25 lempiras. The following kinds of films are exempt from paying this tax: Films such as shorts, news reels, advertisements, educational films, and comic cartoons.

THEATERS-

There are 23 theaters in operation in Honduras, having a total seating capacity of 12,100. The admission prices range from 0.10 to 0.75 lempira. The Wild West type of picture is preferred by the majority of Hondurans, though any film of action and adventure is apt to be well received.

SOUND-

There are 23 theaters wired for sound in Honduras.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,819 ft.	\$75
Negative sound	---	---
1936 - Positive sound	32,620 ft.	\$435
Negative sound	---	---

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HUNGARY

LEGISLATION-

According to Decree No. 2670/1932, dated May 10, 1932, the duty on films imported into Hungary is 250 gold crowns (1 gold crown equals \$0.343, present gold basis, and about \$0.223 at the prevailing commercial rate through the National Bank of Hungary) per 100 kilograms (220 pounds) plus 6 percent phase turnover tax. "Import certificates" for sound films cost 100 pengo (1 pengo equals \$0.2961, present gold basis, and about \$0.1925 at the prevailing commercial rate) for films less than 200 meters in length, 200 pengo if between 201 and 400 meters, 400 pengo between 401 and 800 meters, 600 pengo between 801 and 1,200 meters, and 1,000 pengo for all others. Silent films require no import certificates. The same decree provides that an additional fee of 20 fillers for the benefit of the Hungarian Film Fund must be paid on each meter of censored and approved film if the Hungarian titles were prepared in Hungary, 30 fillers per meter if the Hungarian titles were prepared abroad. By Decree No. 5710/1933 M. E., dated May 26, 1933, the last-mentioned fee was increased from 30 to 50 fillers, and by Decree No. 8484/1934 M. E., dated September 29, 1934, taking effect on October 1, 1934, it was increased to 1 pengo per meter. The fee of 20 fillers, payable on foreign films for which the Hungarian titles are made in Hungary, was not affected by the subsequent modifications. In addition, there is charged a regular censorship fee of 4 fillers per meter on films made in Hungary and 10 fillers per meter on films made abroad. Weekly, news, educational and scientific films are exempt from all charges except censorship fee and import duty. Foreign-made equipment and supplies require special import permits issued by the Ministry of Commerce and Industry.

Decree No. 180.000/1935, B. M., required importers on films to submit a censorship card for every film imported into the country. The money paid for these cards goes toward the support of the Hungarian film-producing industry. Up to July 1, 1936, the National Motion Picture Examining Committee (Országos Mozgóképvizsgáló Bizottság) issued 7 censorship cards to each producer of a Hungarian feature film over 1,600 meters in length, but since August 1, 1936, eight cards have been issued under the authority of Decree 175.000/1936-B.M. These cards are bought and sold in the open market and their

price depends upon supply and demand. At present the price varies between 1,000 and 1,100 pengó each. Films which, in the opinion of the National Motion Picture Examining Committee, are of the highest quality with regard to cultural and artistic merit, receive special premiums in the form of censorship cards. Firms producing such films may receive a maximum of 10 cards annually.

According to Decree No. 174.000/1936 B. M. (effective August 31, 1936) first-run houses in Hungary may exhibit only one feature film over 1,200 meters in length per performance. First-run houses are permitted to give three performances on week days and four on Sundays and holidays. A single performance may consist of not more than 3,400 meters of film. The same decree forbids first-run houses to give half-price performances or to sell tickets at special rates. Theaters other than first-run houses are permitted to show only one feature film at a single performance. Second-run and other motion-picture theaters in Budapest and the Provinces may give four performances on week days and five on Saturdays, Sundays, and holidays. The program may consist of 3,800 meters of film. According to the decree, all performances must end by 12 o'clock midnight.

Decree No. 174.000/1936 B. M. prescribes that every motion-picture theater employee shall have one free day each week, which can not be exchanged for some other consideration.

According to Decree No. 175.000/1936 B. M., importers of short films are obliged to purchase a "short censorship card", one of which must be submitted with every short film imported. The short film censorship cards are distributed according to Decree No. 175.100/1936 B. M. as follows: Up to 200 meters the producer receives 5 cards; from 201 to 400 meters, 10 cards; from 401 to 600 meters, 15 cards, and over 600 meters, 20 cards. The value of the short censorship cards depends upon supply and demand, the present price being approximately 80 pengó. It is rumored in trade circles that it is proposed to revise the decree so that the number of short film cards to be submitted with imported films of less than 1,200 may be established on the basis of the length of the film.

CENSORSHIP-

Film censorship is under the direction of the Royal Hungarian Ministry of the Interior, the members of the Censorship Board being appointed by the minister. Appeal can be taken from the board's decision in the first, second, and third instances, the final appeal being to the Minister of the Interior. In most cases one of the appeal boards has permitted pictures previously rejected by the Board to be shown after certain changes in subtitles were made or offending parts eliminated. Pictures are classified in two groups by the Board of Censors, films that may be shown universally, and films that may be shown only to persons over 16 years of age.

Nonofficial censorship does not exist in Hungary. The pictures are censored by the official board solely with regard to public morals and the safety of the State.

There has been no discrimination against American film companies, and, in cases where rejections were deemed necessary, marked consideration has been shown by the authorities.

There were 1,043 films (952,153 meters) censored during 1936, of which 991 (932,913 meters) were sound and 52 (19,240 meters) silent films. Of the total films censored, 38 (67,965 meters), or 4 percent of the total, were rejected. Of the total sound films licensed for production, 441 (42.3 percent) were American, 206 (19.8 percent) German, 67 (6.4 percent) French, 10 (0.9 percent) Italian, 23 (2.2 percent) British, 29 (2.8 percent) Austrian, 22 (2.1 percent) Scandinavian, and 245 (23.5 percent) Hungarian. According to the subjects of the films, 563 were sound feature films, 187 educational, 207 news reels, and 81 advertising films.

COMPETITION-

Until 1936 there were scarcely any changes in Hungarian film statistics, imports having fluctuated only slightly. With the adoption of one-film shows by Hungarian theaters in the 1936 season, the showing of Hungarian films increased greatly and the importation of foreign films decreased. During the preceding season 1935-36 (August 1 to July 31), 235 films appeared on the market, compared with 196 during the 1936-37 season. The decrease of 39 films resulted mainly from the smaller number of foreign films imported. American film imports decreased by 14 percent, British by 11 percent, and German by 18 percent.

During 1936 29 films were produced in Hungary, including 4 films with German dialogue. It is estimated that Hungary will produce 35 Hungarian films during the present year. The decrease in the proportion of American films shown was caused principally by the development of the Hungarian film industry, the products of which have practically eliminated American films from the provincial motion-picture theaters.

COPYRIGHT RELATIONS-

A special convention signed October 13, 1913, gives copyright protection.

PRODUCTION-

There are two Government-controlled studios producing films in Hungary. During 1936, the Hungarian Film Bureau (Magyar Film Iroda) produced 8 feature films (18,257 meters), 13 short films (4,316 meters), and 53 Hungarian news reels (14,400 meters), a total of 74 films (36,973 meters). No figures concerning the cost of production of films by the Hungarian Film Bureau are available.

The Hunnia Film Studio produced 24 feature films averaging 2,50 meters, a total of 60,000 meters. Sixteen of the films produced were in Hungarian and German (total 4) and four in German only. The cost of production varied from 85,000 to 165,000 pengo per film. To expand domestic production, the producers of Hungarian films are allowed to use the Hunnia Studio free of charge provided the Hungarian Film Industry Fund accepts the theme, in which case the Film Industry Fund pays the Hunnia 40 pengo per day for the use of the Studio.

TAXES-

The amusement tax in first-run motion-picture houses in Budapest between October 1 and April 30 is 6 percent of the total receipts if the seating capacity is over 400, and 5 percent if the seating capacity is under 400. Between May 1 and September 30 the amusement tax is 3 percent in theaters of over 400 seating capacity, and 2 percent in theaters of less than 400 seating capacity. In motion-picture theaters other than first-run houses, the tax is 5 percent if the seating capacity is more than 600, and 4 percent if less than 600, from October 1 to April 30; from May 1 to September 30 the tax is 2 percent regardless of the seating capacity. In the provinces the amusement tax varies from 5 to 15 percent. The additional turnover tax (national) is 3 percent.

THEATERS-

There are 420 motion-picture theaters in operation in Hungary.

SOUND-

All 420 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,118,764 ft.	\$27,783
Negative sound	108,344 ft.	\$3,597
1936 - Positive sound	1,607,612 ft.	\$38,026
Negative sound	32,487 ft.	\$455

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INDIA

LEGISLATION-

No legislation unfavorable to the motion-picture industry in India was enacted in 1937. Thus far there are no laws prohibiting foreign exchange

or any giving other countries preference over American films; neither are quota restrictions in effect or contemplated. Rumors of anything in the way of legislation, which might affect American distribution, are nil, and, with the present type of entertainment offered by the American films, it is believed that it will require a great deal of agitation before any adverse efforts could attract much attention.

CENSORSHIP-

During the period January 1 to October 31 1,208 American films (representing 60 percent of all films censored) were submitted for censorship, of which 7 were rejected and 1,005 feet were cut from a total of 10 films. Censorship remains very strict.

COMPETITION-

Indian films continue to be our greatest competitor, and during the first 10 months of this year America's participation in the 5,952,205 feet submitted was 46 percent, India's share 38 percent, Britain's 13 percent, while the remainder of the business went to other foreign companies.

Indian films are gaining in popularity; however, the majority of English-speaking people prefer American films in preference to domestic films. On the other hand, more and more Europeans are being attracted to Indian films. Whether this is due in a sense to the novelty or newness of the industry is a matter of conjecture.

COPYRIGHT RELATIONS-

Same as British Copyright Act.

PRODUCTION-

There are no figures available on the number of Indian pictures produced during 1937. However, 344 Indian films were offered for censorship during the first 10 months of the year.

The production facilities of the Indian producers are on par with their standards, yet their facilities are far below the standards maintained in America or England and the technique on the whole does not compare with that of America.

Theoretically there is no objection to American films being "dubbed" in the native language, but such a course would not be practical, as each Province has its own language. The two principal languages, namely, Hindi and Urdu, are understood by a large percentage of the Indians, but on the whole it does not seem that any advantage could be gained from "dubbing".

The Government is very sympathetic toward the Indian producers and, while there is no direct subsidy provided for the industry, the lesser import duty on unexposed films over exposed ones is, no doubt, a form of subsidy.

TAXES-

Taxation seems fairly high when the total of the many taxes are considered, namely, theater entertainment, distributor's income, censoring tax, and vault license fees. The customs valuation on foreign films remains at 7 annas per foot on features and 3 annas per foot on shorts, which is the basis of applying the standard rate of $37\frac{1}{2}$ percent customs duty.

THEATERS-

Motion-picture authorities place the number of theaters in India anywhere from 750 to 950, but, according to reports which are believed to be reliable, there are about 900 at present, 400 of which show Indian films exclusively, about 150 showing foreign pictures and the remainder exhibiting both foreign and Indian.

The average admission price is estimated to be about 32 cents U. S. currency; the price range in Indian money, is from 2 annas to 3 rupees.

Indian social pictures are the most popular among the natives.

SOUND-

It is estimated that something over 600 theaters are wired for sound; however, most authorities place the number which are capable of rendering a reasonably good program at about 550.

Motion-picture theaters have increased in number more than 400 percent in the past 15 years, and no doubt many of the silent ones are comparatively new. In view of this, the prospects of selling sound equipment to a good portion of them should be fair.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	5,476,116 ft.	\$101,313
Negative sound	---	---
1936 - Positive sound	4,749,400 ft.	\$94,879
Negative sound	4,375 ft.	\$247

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IRAN (PERSIA)

LEGISLATION-

All imports into Iran are governed by the law promulgated February 25, 1931. Under this law the Government publishes a set of quotas which are not now restrictive in practice. For the economic year ending June 21, 1938, this quota has been placed at 3,000,000 rials (\$182,927) for motion pictures, films, cameras, and related products of various kinds. Normally the total imports of these products amount to about 1,500,000 rials (\$91,463) in value.

Every importer is required to secure an import permit from the Ministry of Commerce for his goods, and, in order to secure such a permit, he must buy export certificates from the Bank Mellie Iran at a premium of 15 percent of the face value. All transactions in foreign exchange have been a monopoly of the Government since the enactment of the foreign-exchange control law of March 1, 1936. Under this law all applicants for foreign exchange are required to secure foreign-exchange permits from the Foreign Exchange Commission. In order to obtain these permits, importers must make a deposit of 5 percent of the value of their orders and at this time they may, if they wish, purchase up to 25 percent of the value of their orders for immediate transmittal to the foreign exporter, the balance being covered by deferred exchange permits maturing in from 4 to 6 months. At the present time foreign exchange is very scarce in the country and importers encounter considerable difficulty in obtaining the necessary permits.

Iran has a trade agreement with the Soviet Union and a Clearance Convention with Germany. The last-mentioned is understood to have little or no effect upon imports into Iran from Germany at present. Importers now are required to obtain authorization to import from the Ministry of Commerce, and it is understood that such authorization is not now easily obtainable. This requirement is understood to have come into effect a few months ago when it was realized that the unrestricted exchange between Iran and Germany worked unfavorably to Iran.

CENSORSHIP-

The censorship in Iran is very strict with regard to any film showing revolutions, riots, internal disorders of whatever kind, or the horrors of war. Indecent films, films advocating pacifism, and films believed to disparage the religion of Islam are also forbidden. Out of approximately 300 films examined, only one was totally rejected by the censor during the year. This picture was of American origin and showed a Hapsburg pretender attempting a restoration in Austria.

COMPETITION-

There are no motion-picture films produced in Iran. German films are the closest competitors of American pictures, and approximately 30 percent of the films shown in Iran are of German origin, as compared with 50 percent American, 15 percent French, and 5 percent others.

COPYRIGHT RELATIONS-

There is no copyright law in Iran.

PRODUCTION-

As already stated, there is no domestic film production in Iran. The predominant language of the country is Persian. French, however, is widely spoken among the educated classes. The titles and sub-titles are ordinarily "dubbed" in Persian.

TAXES-

There is a fairly high import duty on foreign films -- 100 rials (\$6.10) per kilogram, net weight. The only other tax levied on motion-picture films is a 5 percent municipality tax on cinema tickets.

There are 35 motion-picture theaters in Iran. Their annual gross income is estimated at about 4,000,000 rials (\$243,902.44). The total seating capacity has been estimated at 22,000. Ticket prices range from 1 rial (\$0.07) to 10 rials (\$0.61) for the best seats. The average price, then, may be taken as 5 rials (\$0.30). It is understood that in the Provinces tickets are about 50 percent cheaper than in Teheran, the capital.

According to the best available information, the total investment in the motion-picture business in Iran amounts from 7,000,000 to 8,000,000 rials (from \$426,829 to \$487,805). This money is invested in the distribution and exhibition of the films, there being no domestic production. No special Government assistance or subsidy is given.

SOUND-

Of the 35 motion-picture houses in Iran, 32 are said to be wired for sound. The three picture houses not wired for sound are located in small towns, and it is doubtful whether there is much prospect of selling them sound equipment in the near future. German equipment has occupied a predominant position, owing to price considerations and to the clearance convention between Iran and Germany, by which importers are not obliged to purchase foreign exchange but pay in local currency in this country. As has been previous-

ly stated, however, at the present time the convention is not operating and all importers experience great difficulty because of the dearth of foreign exchange.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	21,905 ft.	\$219
Negative sound	---	---
1936 - Positive sound	35,600 ft.	\$712
Negative sound	---	---

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IRAQ

LEGISLATION-

There are no laws prohibiting foreign exchange in Iraq. Foreign exchange can be purchased or sold at the world's market quotations without any difficulty.

There are no laws giving other countries preference over American films, and there are no quota or contingent laws in effect and none are contemplated.

There is no legislation existing which might reduce or prevent American distribution of motion pictures.

CENSORSHIP-

All films are censored in Baghdad, which is the distribution center for films. Few if any films have been rejected since November 1, 1936. The Baghdad Board of Film Censors was very lenient last year and passed many films which would probably have been suppressed the year before.

No American films were rejected last year. The usual grounds of rejection are political, religious, or moral.

Censorship is strict or lenient depending on the policy of the cabinet in power. For the past year it was lenient, but prior to that period it was strict.

COMPETITION-

American films dominate the Iraq market. Arabic films produced in Egypt are very popular. They are, however, few in number and are very expensive. The next most popular films after the American and Egyptian are of British make.

About 90 percent of the films exhibited in the motion picture theaters in Iraq are of American make.

American films are well received in Iraq. Films are not produced in this part of the world except that occasionally a short reel is made of a military maneuver or of other similar events.

COPYRIGHT RELATIONS-

There is no law in Iraq protecting copyrights or foreign producers from piracy. However, the Baghdad Penal Code protects stolen films, but unless the pirated film is proven legally to have been stolen such a film can be exhibited in the country freely. Film producers or distributors should therefore protect themselves against piracy outside Iraq, particularly in Egypt and Syria, from where pirated films are usually imported.

PRODUCTION-

No domestic films are produced in Iraq.

While there would probably be no objection to having American films "dubbed" in Arabic, the predominating language, this has not as yet been done locally.

The European languages spoken locally are English and French. The former is more widely spoken.

There is no requirement that foreign films must be "dubbed" in this country. An Arabic translation of the spoken text is usually exhibited on a side screen. Motion-picture theaters have the facilities to do these translations.

TAXES-

A stamp tax of 12½ percent is collected from receipts of theaters. First-class motion-picture theaters pay a municipal tax of 3 Iraq dinars per month and second-class theaters pay I. D. 1,500 (\$7.50). Theaters and distributors pay also the usual income tax. The following are the customs import duties imposed on cinematographic films:

(a) Films for cinematographs (exposed), when:

(1) Certified by the Director General of Education or the Director General of Health to be useful for purposes of education or health and when for free exhibition to the public..... Exempt

(2) Certified by the Director General for Education or the Director General of Health to be useful for purposes of education or health and when not for free education 250 fils (\$1.25) per kilo net.

(3) Not certified as stated in (1) or (2) preceding .500 fils (\$2.50) per kilo net.

THEATERS-

There are a total of 17 motion-picture theaters at present operating in the country with a total seating capacity of 13,400.

The admission prices are as follows:

Boxes:	I.D. 0.450 (\$2.25)	for four seats including stamp tax.
1st class or gallery:	I.D. 0.080 (\$0.40)	" " "
2nd class	: I.D. 0.045 (\$0.22)	" " "
3rd class	: I.D. 0.030 (\$0.15)	" " "

The types of films best liked by native audiences are of emotional character, and "action" films are very popular. Films with long dialogues are not wanted. Arabic films with songs appeal very much to the public. Films with music, dancing, and thrills are to the taste of the people.

The yearly gross income of motion-picture theaters in Iraq is estimated at about I.D. 18,500 (\$92,500). The total investment in the local motion-picture industry is as follows:

Production - Nothing

Distribution - About I.D. 2,500 (\$12,500)

Exhibition - About I.D. 30,000 (\$150,000)

The Iraq Government does not subsidize or render assistance in the fostering of a domestic motion-picture industry.

SOUND-

All 17 theaters in Iraq are wired for the showing of sound films. With the exception of one theater which is equipped with German machinery, all the others have machinery of American make.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	676,024 ft.	\$8,713
Negative sound	1,250 ft.	\$60
1936 - Positive sound	187,896 ft.	\$3,003
Negative sound	---	---

ITALY

LEGISLATION-

The importation of films into Italy is subject to ministerial license. Laws do not give other countries preference over American films. In the administration of this system, as regards American films, the arrangement whereby 250 American films may be imported annually has been extended to June 30, 1938. The amount of money which can be exported for American films pertaining to the years' business is, however, limited to 20,000,000 lire. Amounts accruing in excess of this sum remain in Italy.

Whereas up till July 1937, theaters were compelled by law to show 1 Italian picture for every 3 foreign films, by a Ministerial decree of July 1937 the ratio has been reduced to 1 to 2--that is, one Italian picture for every two foreign pictures.

All foreign films must be "dubbed" in the Italian language, and such "dubbing" must be done in Italy. On June 21, 1937, the "dubbing" tax, which had amounted to 30,000 lire for each film "dubbed", was increased to 50,000 lire, with a surtax applying to films which earned more than 2,500,000 lire. The surtax was as follows: 15,000 lire for every 500,000 lire in excess of the 2,500,000 lire up to a maximum tax of 110,000 lire.

The "dubbing" tax and supplements just mentioned refer to films of over 1,000 meters. They are reduced by one-half for those between 500 and 1,000 meters. No "dubbing" tax is required on films below 500 meters. As a stimulus to Italian production, producers of national films are entitled to "dub", free from the basic "dubbing" tax (but not from the supplements), four films for each national film projected after May 1, 1937.

The ban on other than the Italian language in talking films is rigidly enforced, but singing sequences are permitted and the restriction does not apply to news reels. War and Russian subjects are still liable to severe scrutiny, and in general are not accepted.

CENSORSHIP-

Censorship continues to be rigorous, rejections being largely attributed to moral considerations as interpreted by the officials.

It has been impossible to obtain figures on the total number of films presented to the censorship and the total number rejected. However, for American films the figures are given as follows:

1935-36-

Presented 126
Accepted..... 113
Rejected 13

1936-37-

Presented 155
Accepted 141
Rejected..... 14

July to December 1937-

Presented..... 93
Accepted 74
Rejected 7
Under consideration 12

COMPETITION-

About 75 percent of the films shown are American, the remainder being made up of domestic, German, French, English, and Austrian films, all "dubbed". All foreign films are projected in "dubbed" versions in Italy. (Today, there are nine "dubbing" studios in Italy, and they are stated to be doing high-grade work.)

The American film is almost without exception preferred to all other products. However, some of the later local productions have met with considerable success. The light farcical Italian film is very popular. Italian theater-goers have their preferred motion-picture stars, and it is said that these are much more important than the class of production in attracting audiences.

COPYRIGHT RELATIONS-

Protected by the Statute and Regulations of November 17, 1935.

PRODUCTION-

The following producing studios are listed: Tirrenia, of Leghorn; Cesar, of Rome; Farnesia, of Rome; Safar, of Rome, and now, most important of all, Cine Citta, near Rome. The former Cines have been demolished, and in their place, in April 1937, a vast producing center called Cine Citta was inaugurated. Cine Citta covers an area of 600,000 square meters. It has 6 up-to-date studios with quarters already in operation, out of a total of 9 provided for by the plan. Production facilities are adequate and, with the completion of the plan, will provide for all foreseen requirements. The Italians claim that the technique is comparable with the American. All sound equipment is American, and it is claimed that Cine Citta is one of the most modernly equipped studios now existing.

The combined production of Italian studios during 1937 was 37 feature films. This includes the two very important super-productions "Scipione l'Africano" and "I Condottieri".

The industry is currently well financed, receiving very substantial aid from the Government in the form of advances, etc. Also, prizes are awarded for the best Italian productions. In the year 1936-37, out of 37 films produced, 21 received prizes. By Decree 861, of April 29, 1937, which increased the "dubbing" tax as shown above, it was provided that the allowance of 2 million lire for meritorious films could be gradually increased up to 4 million lire in correlation with the increase in revenues from "dubbing" taxes, etc.

The total investment in the Italian motion-picture industry (production, distribution, and exhibition) is roughly estimated at 1 billion lire. Government aid in the cinema industry amounts to 10 million lire per annum. This amount is taken from the 70 million lire tax collected annually on box-office receipts. The 10 million lire referred to is loaned by the State to producers, who, if a film makes money, return the loan; in the contrary case, the State accepts the loss. In addition to the foregoing, the Banca di Lavoro also loans money to producers, who, however, guarantee to return such money as soon as the picture is released. During the past two years, the Banca di Lavoro has loaned 58 million lire to the industry, all of which has been returned to the bank.

Italian is the language of the vast majority of persons attending motion-picture productions. As stated above, foreign films must be "dubbed" in Italian. The "dubbing" must be done in Italy. The public is well accustomed now to "dubbed" pictures, and there is no objection to American pictures "dubbed" in Italian.

TAXES-

Cinemas and distributors are taxed in general in the same way as other industrial concerns, being subject to the income tax, supplementary income tax, etc. Additional taxes peculiar to the film business are the "dubbing" tax and the taxes on cinema tickets, amounting to 10 percent on tickets costing up to 1 lira and 20 percent on other tickets.

Tariff duties on motion-picture films are as follows:

Unprinted-

(1) Sensitized.....3,740 lire per 100 kilos

(2) Unsensitized....1,870 " " " "

Printed.....80.70 lire per 100 meters

THEATERS-

There are 5,300 theaters in Italy with a total seating capacity of 1,800,000. Of this total not more than 4,900 are commercial theaters, the others being those run by charitable institutions, etc. There has been an increase of about 10 percent in the amount of entrance tickets, which vary in price from 0.60 lire in the small outlying towns to 13 lire in the first-run houses in the leading cities. This last figure may reach 15 lire in the case of an important picture.

Yearly box-office receipts are computed at more than 480 million lire. Of this total, about 120 million lire is turned over to producers, while 70 million lire is collected by the Government for taxes.

SOUND--

There are now 3,600 theaters equipped with sound apparatus. Gradually, this sound equipment has been replaced by Italian equipment, so that today not more than 5 percent of such apparatus is American, and the present Italian self-sufficiency program makes the sale and importation of foreign sound equipment very difficult.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	2,666,920 ft.	\$79,631
Negative sound	330,821 ft.	\$18,069
1936 - Positive sound	1,278,391 ft.	\$27,512
Negative sound	272,905 ft.	\$18,815

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JAMAICA

LEGISLATION-

There are no laws in Jamaica prohibiting foreign exchange, nor are there any giving other countries preference over American films. No quota or contingent laws are in effect, and none is contemplated.

CENSORSHIP-

The number of films censored during 1936 was 300, of which 5 percent were rejected. Of the rejected feature films 90 percent were American and 10 percent British. The Government Censor of films does not give reason for the rejection of any picture, but censorship is very strict where films show drunkenness or unconventional frivolity on the part of white people. Films of the underworld type showing robberies and hold ups are banned.

Motion pictures are censored in Kingston for showing in the whole island under Jamaica Law 14 of 1913, Jamaica Law 13 of 1925, and Jamaica Law 21 of 1926.

COMPETITION-

The largest competitors of American films are British Gaumont, British International Pictures, London Films, and Korda Productions.

Eighty percent of the films shown are American, the remaining 20 percent being British.

American films are popular and are preferred to the British productions.

COPYRIGHT RELATIONS-

Same as Great Britain.

PRODUCTION-

There is no production of motion pictures in Jamaica.

TAXES-

General property taxes and income taxes are imposed on theaters. These taxes are comparatively high when compared with those in a small city in the United States. There are no taxes imposed on theater admissions, distributions, or upon imports.

THEATERS-

Jamaica has 15 motion-picture theaters, with a total seating capacity of 12,500. Popular admission price range from \$0.12 to \$0.36; box seats, \$0.72.

Jamaican audiences prefer light musical comedies.

The yearly gross income at theaters in Jamaica is estimated at \$700,000.

It is estimated that the total investment in the local motion-picture industry (all in exhibition) is £142,000 (\$698,640 at the present rate of exchange of \$4.92 to the pound sterling), of which £100,000 (\$492,000) is in the city of Kingston. Of this £100,000, approximately £50,000 represents the investment of the Cinema Co. of Jamaica, Ltd., in the new air-conditioned theater now being constructed in this city.

SOUND-

Fifteen theaters in Jamaica are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	260,481 ft.	\$3,703
Negative sound	1,023 ft.	\$21
1936 - Positive sound	158,385 ft.	\$1,675
Negative sound	10,000 ft.	\$150

* * *

2670

JAPAN

LEGISLATION-

The year of 1937 opened with some misgivings as regards the future position of American films in the Japanese market. Practically all American distributors predicted more official control over the motion-picture business, but none expected developments to take so drastic a turn as they did.

Japan's adoption of a wartime basis of economy, in view of the unsettled political conditions in the Far East generally and because of the hostilities in China particularly, proved to be the turning point as regards the securing of a profitable and not too severely regulated amount of business on the part of American motion-picture interests in Japan. An exchange-control law was enacted, the application of which became increasingly severe as the year progressed. A complete ban on further imports of foreign films, except news reels, was announced in September, and the year closed with a highly pessimistic outlook for the future.

On January 9, 1937, the Ministry of Finance promulgated and placed in effect the Exchange Control Law, instituting a license or permit system for all foreign-exchange transactions. According to this law, American motion-picture distributors, of which there are eight in the Japan market, were theoretically allowed to remit only 30,000 yen (about \$9,000) a month to their home offices. Insofar as the motion-picture business is concerned, however, this law was not actually applied until early in July, when all of the American distributors were instructed to limit their remittances to that figure. It will be noted that prior to this time two of them had observed the regulations and had obtained the necessary permits to send the funds out of the country.

It is obvious that the policy as regards imported motion-picture films was gradually built up during the summer months. The Exchange Control Law was designed primarily to control the income and outgo of funds necessary for ordinary commercial transactions involving actual and physical commodities, and this serves to explain the time lag as regards its application to motion pictures imported from abroad.

The Exchange Control Law was revised effective August 28, 1937, so that the amount that could be sent out of the country was reduced from 30,000 yen a month to only 1,000 yen (only about \$290) a month. The reduced amount could not represent royalty proceeds but had to cover only such physical properties as photographs, posters, office supplies and the like.

A few weeks earlier the American distributors had been advised that in the future applications must be made to the Finance Ministry for permission

to import any motion picture and at the same time an estimate must be submitted as to the amount of royalty likely to become payable to the American head office for each picture. This instruction was declared to be practically impossible to observe, and considerable objection was made by the distributors. Despite these objections, however, the instruction remained on the books, and several distributors made application in the required manner. The revision of the Exchange Control Law on August 28 and the complete prohibition of imports of foreign pictures (except news reels) during the remainder of the year, announced on September 20, obviated the necessity of making the difficult and troublesome estimates as to royalties likely to accrue from each particular picture.

It was estimated early in November, 1937, that the total amount of frozen assets of the eight American motion-picture distributors in Japan approximated 800,000 yen at that time, equal to about \$232,000, and it was predicted that by the end of the year the figure would be increased to about 1,000,000 yen, equal to about \$290,000.

There are no laws in existence in Japan giving other countries preference over American films.

There are no actual quota or contingent laws in effect in Japan. The importation of foreign films, including American, is restricted by the Finance Ministry in accordance with the Exchange Control Law and such departmental ordinances as may be devised from time to time. As previously pointed out, this ministry announced on September 20, that the importation of foreign films, with the exception of news reels, would be prohibited for the remainder of the year and until further notice, presumably well into 1938.

There is no additional legislation as such affecting the position of American films in the Japanese market. It will be noted, however, that in Manchuria ("Manchukuo") a State film monopoly is being set up effective December 1, 1937. The organizers of this monopoly attempted to make agreements covering the purchase of films from the American distributors established there and working out of Tokyo, but the distributors agreed jointly not to sell to the monopoly. Accordingly, the "Manchukuo" State film monopoly will have to depend upon Japan film producers and upon European film for their productions. It is felt locally that the action of the American film distributors in Manchuria will cause the Japanese Government to proceed cautiously before attempting to institute a similar organization in Japan Proper.

CENSORSHIP-

Censorship throughout 1937 remained on a martial-law basis, a carry-over from 1936 and indicative of the present wartime economy in force in Japan. Continued great care was exercised by American distributors to import only such films as would surely pass the censors entirely or without much mutilation.

A trend worthy of mentioning concerns the position of German films in this market, as well as the influence of Germany in Japan at the present time. In 1936 it was said that German films were not popular because of the fact that Nazi propaganda had been inserted in them to such an extent as to be no longer to the taste of the Japanese, including public and official entities. Late in 1936, however, announcement was made of the Anti-Comintern Agreement signed by Japan and Germany, and a direct and immediate result was a complete change in the attitude of the censors with regard to German films. German prestige has been on the rise in Japan, and the year 1937 closed with German films having regained some of their popularity and with censors reported to be exercising particular care in not permitting anything offensive to Germany to remain in either domestic or imported films. The adherence of Italy to the Anti-Comintern agreement early in November 1937, will undoubtedly result in having the censors take similar action with regard to Italian interests.

An example of the change in the attitude of the censors may be cited. A few weeks ago an American World War film that has been screened in Japan during the past 3 years came up for recensoring in accordance with the censor laws. Protests against the film were made by the German Embassy at Tokyo, and the film was not passed on the grounds that it showed German troops being defeated in the World War.

According to information obtained from the censor's office in the Department of Home Affairs, Tokyo, the number of feature and short films censored during 1936 totaled 876, this total including 523 Japanese films, 294 American films, 25 German films, 23 French films, 4 English films, 4 Italian films, and 3 other European films. In view of the appreciable number censored, it is obvious that not only are new pictures included but also old pictures recensored after a period of time in accordance with the censorship regulations. It has been impossible to secure details covering the number of new feature films censored. Details covering the number of prints, reels, and meterage censored during 1936 are given in the following table, the figures including both features and shorts:

	<u>No. of prints</u>	<u>No. of reels</u>	<u>No. of meters</u>
American.....	2,587	11,435	2,699,090
British.....	71	485	113,132
German.....	281	1,567	387,259
French.....	199	1,473	380,851
Other foreign.....	52	252	58,104
Japanese.....	<u>21,819</u>	<u>81,171</u>	<u>19,267,431</u>
Total.....	25,008	96,383	21,905,867

It will be noted that the total meterage of foreign films censored during 1936 was equal to 3,638,436, as compared with 3,377,281 meters censored during

1935. The total meterage of Japanese films censored during 1936, amounting to 18,267,431, compared with 16,651,811 meters censored in 1935.

details covering the number of features censored during the first 9 months of 1937 are given in the following table, as reported by the censor's office:

	<u>No. of features</u>	<u>Length in meters</u>
Japanese.....	239	505,644
American.....	137	301,460
German.....	11	24,050
French.....	10	23,596
English.....	1	2,314
Italian.....	1	<u>2,660</u>
Total.....	399	859,724

It is impossible to give corresponding data for the first 9 months of 1936 because of the fact that the censor's office states that it is seriously understaffed, and is not in a position to make the necessary compilations.

Films imported into Japan are inspected by the customs authorities and, if approved, by the censor's office. Some films are not permitted entry into Japan by the customs, or else the customs "advise" the distributors not to have them reviewed by the censor because they will be banned anyway, presumably upon instructions of the customs. Relatively few films are rejected by the customs or banned by the censors, largely because the distributors exercise great care in selecting films for the Japanese market. The few American films rejected by the customs or censor in 1937 involved lack of understanding of the Japanese point of view upon the imperial regime.

Censorship in Japan has been heretofore considered to be reasonable and followed regulations peculiar to the social and political economy and ideology of the country. American distributors generally have not complained about the censorship, and this condition existed during 1937.

Effective April 24, 1937, the censorship fees, on foreign films only, were increased by 50 percent. It is of interest to point out that the definition of a foreign film, as now specified by the Department of Home Affairs, includes films made with foreign capital in Japan, even though all the actors are Japanese and the language is Japanese.

For reference sake, it may be added that the censorship fees prior to April 24, 1937, were 1 sen per meter of the first print of any subject and 1/2 sen per meter for subsequent prints, provided they were offered for censoring within 3 months following the inspection of the first print. A film that has been censored may be shown up to a period not exceeding 3 years. After 3 years, the film is treated as a new subject and must be recensored, the charges being the same as for the original print and copies. The regulations now in force are exactly the same, save that the rates on all foreign films, including American and European, are now 1-1/2 sen per meter for the first print and 3/4 sen per meter for additional prints of the same subject, if offered for censoring within 3 months after the first print was censored.

In announcing the increased rate applicable only to foreign films, the Department of Home Affairs stated that it was necessitated by the greater amount of work required to censor foreign films, largely by reason of language difficulties.

COMPETITION-

The greatest competitors of American films in Japan are the Japanese films, the competition from European films being of secondary importance. The data covering films censored in 1936 and during the first 9 months of 1937 give the relative position of American films in the Japanese market which averages 34 percent. Opposed to the fact that the average American film probably brings in more cash than the average Japanese film is the fact that the Japanese theater outlets are largely controlled or dominated by the domestic producers, who show American films mainly to round out their own programs.

American films generally are well received in the Japanese market, and, insofar as the educated classes are concerned, are probably preferred to the domestic film. The masses however, prefer Japanese films as a general rule, because admission charges are lower and because they can understand the dialog and the themes of the films.

COPYRIGHT RELATIONS-

The laws of Japan theoretically protect foreign producers from piracy. Equally important as a deterrent to piracy is the fact that it has been proved to be an unprofitable undertaking. It is possible that the last named is the more important factor which causes piracy to be practically unknown in the Japanese market. A few cases are known, but they usually involve very old films, and settlement is usually reached outside the courts.

It may be noted that it is impossible to copyright any particular film in Japan. The trade mark of the producing or distributing company may be registered, however, and that action apparently serves to reduce piracy somewhat.

According to the general opinion of American film distributors it is exceedingly difficult to obtain satisfaction from the Japanese courts, litigation being featured by innumerable and costly delays.

PRODUCTION-

Data covering the number of domestic films produced during 1937 are not yet available. An indication is afforded, however, by the fact that during the first 9 months of 1937 a total of 239 features with an aggregate length of 505,644 meters were passed by the censors.

During 1936, according to the "Cinema Year Book of Japan, 1936-37," the total number of feature films produced reached 558, including 300 all-talkie, 39 part-talkie, 82 sound and 137 silent films.

Japan has the reputation of being the largest producer of motion pictures for home consumption in the world. This reputation is based largely upon quantity of production, with the average quality definitely inferior to American and European productions. It is generally accepted that Japanese producers cannot make sufficient quality feature films to supply the domestic market. During the present wartime economy, however, the domestic producers have gained ground by making so-called patriotic films, and at the same time the production of news reels of the fighting in China has showed phenomenal advance.

The prohibition of imports of foreign films during the last quarter of 1937 and possibly during the first quarter of 1938 is based upon the theory that distributors of American and European films can show films held in stocks within the country, these stocks being reported to be adequate until about March or April, 1938. Accordingly, it may be added that this prohibition does not imply that domestic producers can supply the full market demand. Rather, it represents action taken to prevent the outgo of funds in order to maintain the value of the yen on foreign money markets. Whether or not the restriction on foreign film showings will prove advantageous in the long run to the domestic producers remains to be seen.

According to the "Cinema Year Book of Japan, 1936-37", the aggregate authorized capital of major producing companies in Japan approximates 53,270,000 yen, equal to about \$15,488,000. The paid-in capital is, of course, considerably less. In February 1936, it was estimated that the paid-in capital of all producing companies totaled 22,500,000 yen, equal to about \$6,525,000. It is believed that this figure has shown relatively little increase since that time, although it is possible that the total paid-in capital on December 1, 1937, may approximate 25,000,000 yen, equal to \$7,250,000.

It is admitted that the technique of Japanese producers is generally below that of American and European producers. The Japanese film companies,

however, are gradually improving their output as a result of the adoption of better equipment and more careful direction.

Several American film distributors have experimented with "dubbing" American films in the Japanese language, but the general reception was so poor as to cause them to discontinue efforts along this line. The predominant language in Japan is Japanese, although the number of Japanese who have acquired a working knowledge of foreign languages, principally English and to a lesser extent German, is steadily increasing. No regulations exist relative to the "dubbing" of foreign films in Japan or elsewhere. As previously indicated, the results obtained from experimental efforts were such as to discourage further efforts as regards "dubbing"

TAXES-

Taxes on theater admissions in Japan during 1937 showed no change from those of 1936. These taxes, representing city and prefectural taxes, continue to be moderate and approximated only 2 percent of gross receipts. The taxes and methods of assessments vary from city to city.

Taxes on theater owners as well as on distributors during 1937 showed considerable advance because of the necessity on the part of the Japanese Government of securing funds for carrying on the fighting in China. The taxes may vary somewhat in different localities, but a good idea as to the extent of taxation is afforded by the following figures covering taxes which must be paid during 1937 by one of the prominent American film distributors in Tokyo.

The business-profits tax totals 9.865 percent of net profits, including 4 percent for the national tax and 5.865 percent for prefectural and city taxes. The special excess-profits tax totals 17.25 percent on all net profits aggregating more than 7 percent of the paid-in capital. The ordinary income tax totals 26.95 percent of net profits and includes 22 percent of national tax and 4.95 percent surtax, the latter representing city and prefectural taxes. A capital tax is also collected, this amounting to 0.01 percent of the paid-in capital. In addition, there is a graduated excess-income tax, collectible as follows: 4 percent on net profits exceeding 10 percent of the paid-in capital; 10 percent on net profits exceeding 20 percent of paid-in capital, and 20 percent on net profits exceeding 30 percent and more of paid-in capital.

The taxes on imports of films were practically doubled during the year under review. Prior to August, 1937, foreign films were dutiable at the rate of 11.13 yen per kin (1 kin equals 1.323 pounds). Since August, an additional 20 percent ad valorem commodity tax has been assessed, this tax being collected on an arbitrary valuation fixed by the Finance Ministry amounting to 65 yen per kin in the case of black and white prints and 95 yen per kin in the case of colored prints.

THEATERS-

Data covering the numbers of theaters in Japan vary within relatively narrow margins. A survey made in Tokyo on this point revealed that each of the eight American film distributors had different figures for the number of theaters wired for sound and the total number, including those not wired.

According to the "Cinema Year Book of Japan, 1936-37," the total number of motion-picture theaters in Japan at the end of 1936 was 1,627, of which 1,368 were wired for sound. These totals compare with data secured from the Department of Home Affairs as at the beginning of 1936 showing a total of 1,767 theaters, of which 1,469 were wired for sound.

According to data obtained from one American motion picture distributor in Tokyo, who makes a point of keeping accurate statistics on exhibition and distribution, there was in mid-November of 1937 a total of 1,717 theaters in Japan Proper, including 1,353 wired for sound reproduction.

These figures indicate the difficulty of making any definite statement with regard to the total number of theaters in Japan, as well as the number wired for sound. It is believed, however, that the figures attributed to the Department of Home Affairs as at the beginning of 1936 are as correct as any obtainable and that the data quoted in the preceding paragraph are tentatively correct for conditions existing in mid-November of 1937.

It may be added that of the total number of theaters at the end of 1936 reported by the "Cinema Year Book of Japan, 1936-37," 1,130 showed Japanese pictures only, 64 showed foreign pictures only, and 433 showed both foreign and Japanese pictures. These figures give a good idea as to the outlet possibilities for foreign films in this market. It will be remembered that most of the motion-picture houses in Japan are owned or controlled by the domestic producing companies, thus limiting the possibilities for foreign films.

Because of the fact that no accurate records are made of the seating capacity of theaters in Japan it is impossible to make any definite statement on this point. The position is complicated by the fact that practically all houses, particularly in the smaller cities and in the rural districts, have appreciable amounts of space sold as standing room. It is estimated, however, that the total seating capacity of all houses will approximate 1,000,000 and that between 100,000 to 200,000 additional may be accommodated in the standing-room sections.

No better summary of the favorite type of Japanese pictures is available than the following statement, extracted from the semi-official "Japan Year Book," 1937 edition, published in Tokyo by the Foreign Affairs Association of Japan:

"The substance of Japanese pictures is varied. The recent tendency favors a serious view of life, and audiences are more impressed by what is implied than by what is expressed. The Japanese people are fond of tragedy. With few exceptions, pictures without tears cannot be expected to prove financial successes. Especially the women, who constitute 50 percent of the spectators, feel disappointed if they have not shed tears over a tragic scene. Influenced by American pictures, comedies have come to be appreciated, but to satisfy the audience they must have at least 30 percent of tragic elements."

Japanese producers have specialized in the past in making pictures of the old dramas, corresponding roughly to "Westerns" in the United States, but lately they have begun to make so-called "modern" pictures. The lack of scenario writers have thus far proved to be a serious handicap to the filming of modern pictures. The "grinding out" policy of local producers also prevents the making of really significant pictures of any type, save in the case of a few outstanding exceptions.

It may be noted that during 1937 greater attention was directed to the making of war films, featuring the exploits of Japanese troops in China. A great increase in the number of news reels also occurred during 1937, due largely to the patriotic fervor which seized the country as a result of the China hostilities, the news reels showing local scenes as well as scenes from North China and the Shanghai area.

As regards foreign pictures, tastes for pictures change periodically: Pictures with plenty of action and with a minimum of dialog are naturally preferred. So-called "problem" films generally appeal only to the foreign residents and to the relatively small number of Japanese who are acquainted with Western psychology and with the English language. Some time ago it was observed that the foreign films which appealed most to the average theatergoer in Japan included comedies, animal, military, and gangster pictures. These types of films are still popular, although the military films are now carefully censored and possibly banned because of the present political situation in Japan. As a matter of fact, the theatergoing public in Japan has comparatively little choice in its foreign pictures, inasmuch as many excellent pictures, which might prove highly popular, are not imported because of censorship regulations.

According to investigations made by the Department of Home Affairs, the actual number of movie-goers who paid admission fees during 1936 aggregated 202,655,784, an increase of 17,736,299 when compared with the total in 1935. As pointed out in the "Cinema Year Book of Japan, 1936-37," the 1936 total represents only from 60 percent to 70 percent of the actual number of admissions, the difference being due to persons seeing motion pictures at public halls, temporary show places, and the like. This publication estimates the

total number seeing motion pictures during 1936 at between 320,000,000 and 330.000,000.

The gross annual income during 1936 and 1937 approximated 50,000,000 yen to 55,000,000 yen, including admissions paid to see Japanese and foreign pictures. If the average admission fee is placed at about 0.20 yen, it will be seen that receipts during 1936 were somewhat lower, or about 40,000,000 yen.

SOUND-

As previously indicated, data covering the total number of theaters wired for sound vary somewhat. It may be assumed, however, that at least 85 percent of all theaters in Japan Proper are wired for sound.

The prospects of American companies not already represented in this market for selling sound equipment to the houses not yet wired are practically nil, because domestic makers, some of which are branch plants of American companies or Japanese concerns making use of American patents, dominate the market for quality units while Japanese concerns making equipment more or less copied after foreign units supply the cheaper demand.

Since practically all of the market can be supplied by companies in Japan, it is believed that it would be next to impossible for an importer at present to obtain the necessary import permit to bring in American sound equipment. This policy has been followed in the case of machinery and other products and is designed to prevent the out-go of money for such commodities as are made in Japan to an extent sufficient to meet domestic requirements. Accordingly, such factors as new features contained in American equipment are of scant importance inasmuch as the importer cannot purchase the equipment by reason of existing regulations governing foreign exchange.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,255,669 ft.	\$70,111
Negative sound	197,104 ft.	\$2,705
1936 - Positive sound	4,816,130 ft.	\$90,617
Negative sound	74,717 ft.	\$1,155

* * *

LATVIA

LEGISLATION-

On October 8, 1931, the Latvian Government adopted a law governing transactions in foreign exchange. Such transactions are permitted only to the Bank of Latvia and to those banks designated by it. Furthermore, all trans-

actions in foreign currency are subject to the control of the Currency Commission of the Ministry of Finance, which has full control of imports. This law gives the Ministry of Finance the right to examine the books of all firms, organizations and persons in order to ascertain whether the law has been complied with.

American films enjoy the same rights as films of other countries. There are no laws giving preference to films produced in any country.

On October 13, 1931, the Latvian Government adopted a regulation by which a quota system was introduced in Latvia. For the administration of the quota system a Commission for the Regulation of Imports was established, which, in 1934, was amalgamated with the Currency Commission, which has full power to control imports and payments in foreign currency.

Motion-picture films, like most other commodities, are subject to import quotas in Latvia. Quotas are usually granted to licensed importers for a period of from 3 to 4 months in advance, and special permits for imports in excess of quotas are often granted as well. The Currency Commission has not been particularly strict in regard to imports of films, and local film-importing houses, as a general rule, have had no particular difficulties in obtaining quotas and also additional permits.

CENSORSHIP-

During the first 6 months of 1937, 313 films of a total length of 346,064 meters were censored by the Latvian Film Censoring Board. Of the 313 films censored during the above period 19 films were rejected, of which 11 were American, 5 German, 2 Soviet Union, and 1 English. Of the 19 films rejected for display, 57.9 percent were American. These were rejected as being likely to have an undesirable influence on the local population.

According to article 7 of the Law on Motion Picture Houses, adopted in 1924, which, with a number of amendments and supplements, is still in force, only such films may be displayed in local motion picture houses as have previously been censored by the "Kinocenzura" (Film Censoring Board), attached to the Ministry of Public Affairs. Films displayed to members of clubs and associations must also be censored.

According to article 8 of the law, the display of a film may be prohibited if its content insults religious feelings, encourages brutality or injures the morals of the public, is adverse to the State, is apt to create disorder, or harms good relations with other countries. The Film Censoring Board may also require that a certain part of an undesirable play or song be eliminated.

Article 9 provides that children from 6 to 16 years of age are per-

mitted to attend only such performances as, in the opinion of the Ministry of Education, are fit for minors.

Article 10 of the law provides that the title and the written text on the films, as well as advertising posters, are to be censored. Film texts not in compliance with the requirements of articles 8 and 9 of the law may be rejected. The Film Censoring Board may also require that the program of the performance and the advertisements of films in local papers be censored.

Article 14 of the law requires the display of locally produced news reels in motion-picture houses at some time during each performance. Article 16 of the law provides that these provisions shall not be applied to films of scientific or educational nature used by educational institutions....

On June 16, 1934, the Government published an amendment to the "Regulation Governing the Use of the State Language," on the basis of which the Film Censoring Board ruled that, after July 15, 1934, only the State language can be used in the descriptive text on all moving pictures, thereby prohibiting the employment of either the German or Russian languages, or both, in addition to Lettish, which is the state language. Representatives of motion picture houses in Latvia petitioned the Government for a modification of this law which would allow the use of other languages as subtitles on films, but without avail.

COMPETITION-

German producers are the largest competitors of American films. During the first 6 months of 1937, Germany produced 31.7 percent of the total number of films censored here. During the first 6 months of 1937, 33.9 percent of films censored were of United States origin.

Latvia is not a film-producing country and the pictures produced locally are principally news reels, landscapes, educational, scientific, and advertising films, which are of interest to the local population only.

Films of United States origin are popular in Latvia, though the English language is understood by only a small number of the public. American films in the German language are preferred. There is, of course, a certain amount of criticism with regard to pictures of United States origin, many of them being entirely foreign to the thought of the local population. However, there is no doubt that films of United States origin are well received, even though German pictures are perhaps more readily understood.

COPYRIGHT RELATIONS-

The Latvian Copyright Law became effective on May 15, 1937, and abolished the former Russian law which previously governed copyright matters in Latvia.

Article 2 of this law covers all literary, artistic, and scientific works, including motion-picture films.

PRODUCTION-

During the first 6 months of 1937, 43 films of domestic origin, of a total length of 9,758 meters, were passed by the Film Censoring Board. The films produced locally were of the following type: 1 sound comedy of 220 meters, 34 news reels and landscapes of 7,007 meters, 1 educational film of 2,155 meters, and 7 advertising films of 376 meters.

The film industry in Latvia is still in its infancy, and except for the weekly news reels, the display of which is compulsory at every performance, and some educational films, a very limited amount of films is produced. Latvia has as yet no real film studio, and whatever dramatic pictures have been so far produced were practically all photographed in the open air. Only one dramatic sound film of normal length, entitled "Tautas Dels" ("The Son of the People"), which was produced in 1934 by the local firm "Atlantic Film," may be considered as inviting international interest. Other films of this nature consisted mainly of a compilation of patriotic scenes and cannot be considered as dramas, being too short and obviously of local interest only.

At the close of 1935, the Latvian State Electrical Factory "VEF" completed the installation of a motion-picture film laboratory which provides facilities for complete manufacture of sound films produced in Latvia. Formerly, such films had to be sent abroad for completion of the synchronization. The local film industry is, however, limited to the production of cultural and propaganda films. Plans to establish the motion-picture industry on a larger scale have so far not been carried out, because of lack of capital and experience.

The newsreels are produced by individuals and the synchronization is carried out in the motion-picture film laboratory of the Latvian State Electric Factory "VEF." The capital invested by the individuals engaged in the production of newsreels is not known, and it is believed to be negligible.

The Government has invested a certain amount of capital in the installation of the motion-picture film laboratory in the Latvian State Electrical Factory "VEF," for the completion of sound films. The Government, however, has refused to finance individuals and firms engaged in making motion pictures.

The technique of the film industry in Latvia is still in its infancy, and there can be no comparison with the film industry of the United States.

Apparently there would be no objection to the "dubbing" of American films in the native language. It must, however, be remembered that in Latvia there are only approximately 1,950,000 inhabitants and about 100 motion-picture theaters, so that "dubbing" for this market might not pay. The State language is Lettish, which predominates in the country and is understood by practically all minorities here.

No regulations exist in Latvia requiring the "dubbing" of foreign films. Sound films in any language may be displayed here, but the Lettish text must appear on the screen. American films "dubbed" in German are frequently shown here.

The distribution of films in Latvia has been carried out by film distributing offices which are also importers. Their distribution area covers the Baltic States of Latvia, Estonia, and Lithuania. A number of the distributors also own motion-picture theaters. At present there are in Latvia 9 film-distributing offices, of which 3 represent American houses. The capital invested by the distributors and by exhibitors is not available.

No Government subsidy has been granted nor assistance rendered in the fostering of the domestic motion-picture production, except a certain amount for the establishment of the motion-picture film laboratory in the Latvian State Electrical Factory, "VEF."

TAXES-

Trade licenses consist of five categories, varying from 5 to 300 lats annually. First-class motion-picture theaters are subject to the license of the first category and pay 200 lats annually, whereas smaller motion-picture houses pay license fees in the second and third categories, amounting to 150 lats and 75 lats, respectively.

For tickets costing up to 1.20 lats, the tax is 25 percent; for tickets costing from 1.21 lats to 2.00 lats, the tax is 30 percent. On tickets to educational performances the tax is 15 percent of the admission price. In provincial theaters, the tax levied on tickets averages 20 percent, except in the case of films of educational nature, when the tax is 15 percent.

Import license fees are based on the total value of imports of each film during the preceding year, and vary from 250 lats to 70,000 lats annually. It is estimated that film importers pay for an import license 5,000 to 8,000 lats annually, according to their turnover.

Import duty imposed on films is high in Latvia. The maximum rate is 20 lats and the minimum rate is 10 lats per kilogram of exposed films.

In addition to the above taxes, importers pay a special tax, for the

Culture Fund, in the amount of 0.15 lat per meter of imported exposed films displayed in Latvia.

THEATERS-

In Latvia there are about 100 motion-picture theaters, all wired for sound. The total seating capacity of these theaters is about 20,000, and the average admission price in first-class motion picture theaters is 1 lat; in second-class theaters, 0.75 lat; and in third-class theaters, 0.50 lat. Sentimental dramas and musical comedies are preferred.

In 1936, the gross income of 34 motion-picture theaters located in Riga amounted to 3,081,857 lats. The gross income of about 63 motion-picture theaters located in provincial towns is not available. According to estimates, their annual average income is 2,000,000 lats.

SOUND-

There are about 100 motion-picture theaters in Latvia, all of which are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	510,605 ft.	\$9,476
Negative sound	—	—

1936 - Positive sound	494,433 ft.	\$7,954
Negative sound	—	—

* * *

LIBERIA

LEGISLATION-

There are no laws in existence prohibiting foreign exchange, nor are there are restrictions imposed against the importation and exportation of currency.

Although prices are often quoted in dollars, American currency is not acceptable either to the Government in payment of taxes or to the traders. English silver and Liberian copper 1/2, 1, and 2 cent coins are the medium of exchange. The Liberian dollar is computed at the standard commercial rate of \$4.80 to the pound sterling.

The only bank operating in Liberia is the Bank of Monrovia, Inc., which handles all matters of foreign exchange.

There are no laws giving other countries preference over American films, nor are there any quota or contingent laws in effect or contemplated. Furthermore, there is no legislation which might reduce or prevent American distribution of motion pictures.

CENSORSHIP-

There have been no reports of any films censored. The importation of films to date has been nominal. No films have been rejected, and the question of censorship has not arisen. It is not believed that even when the industry has been developed there will be strict censorship.

COMPETITION-

British films are the largest competitors of American pictures, principally because of the availability of the market. It is reported that 50 percent of the films shown are American and 50 percent British. American films are very well received; in fact, there is a decided preference for them. British film distributors are seeking to find a market in Liberia, a field in which American distributors have shown no interest whatsoever.

COPYRIGHT RELATIONS-

While the question of protection of copyrights and piracy has not arisen with regard to the motion-picture industry and it is not thought that it will, there is adequate legislation to take care of such matters.

PRODUCTION-

There is no local production of films. One or two amateur photographers residing in Liberia have from time to time taken films of local interest such as tribal ceremonies and celebrations and, after sending the pictures abroad for developing, have shown them in Monrovia. These films have been shown to good-sized audiences.

TAXES-

Taxation on photographic material and apparatus and appliances is not high. At the present time there are no taxes imposed upon theaters or distributors.

THEATERS-

The motion-picture industry in Liberia is as yet undeveloped, though there is a keen interest in picture-shows. The field may be limited but steady, and heretofore an organization known as the BER Motion Picture Co. from time to time secured old films from America and exhibited them in Monrovia. There

is no theater in Liberia, and a dance hall known as the Pavillion is generally used. The shows were well attended, and even though the pictures were silent fourth-rate ones, cut, and of rare old vintage, they were met with great enthusiasm and applause. The BER Motion Picture Co. appears now to be at a standstill because of its inability to secure American films and the withdrawal of several of its most dependable supporters.

The demand for motion pictures is being met by a local educational institution and private club which use a 16-mm. silent machine.

The American rubber interests in Liberia have two 35-mm. sound projectors for their private use.

A group of financially responsible and energetic persons, composed of high Liberian officials and foreign traders, recently organized the Liberian Entertainments Co. and are primarily interested in the exhibition of motion pictures in Liberia. They have established a working capital of £600, and plans are under way for the erection of a modern theater with a seating capacity of 600. A sound projector (35 mm.) has already been secured, and it is reported that shortly the inauguration of the first sound film theater will take place in Monrovia.

Until the building of the theater, plans for which have been drawn and a building site located, the Liberian Entertainments Company will lease the Pavillion exclusively for the purpose of exhibiting motion pictures. Admission prices will range from 3 pence to 6 shillings (6 cents to 72 cents), and it is reported that there will be from three to four shows weekly with from two to three program-. A program will consist of a feature picture, news reel, and a comdy.

Contracts have already been made by the Liberian Entertainments Co. with British film producers, and arrangements have been completed to secure films on a rental basis. The managing director of the company has recently returned from a trip including Nigeria and the Gold Coast, where he has been able to conclude tentative arrangements for the distribution of films from Monrovia and reports that the Liberian Entertainments Co. will act as the distributing center for films for several exhibitors in British colonies and mandates south of Monrovia. He hopes also to conclude arrangements with motion-picture concerns in Sierra Leone and to include the distribution of films to that point. He states further that the industry is not organized on the coast and that it consists mainly of independent exhibitors who rent films individually. The company also expects to distribute and exhibit motion pictures in other coastal settlements of the Republic as well as in certain sections of the interior.

It is possible that films which will be distributed to the English possessions may have to be censored. No "dubbing" will be necessary, as English

is the official language in Liberia and the British colonies.

The Liberian Entertainments Co. has been unable to secure contacts with American film producers for the rental or distribution of films. The preference here and along the entire coast is for American pictures, and the Liberian Entertainments Co. hopes to be able to conclude rental and distribution arrangements with American companies for first-class sound films, particularly comedies, animated cartoons, Wild West and dramatic feature films, musical comedies, shorts, news reels, etc. This company will welcome correspondence with any company desiring to distribute films in this market.

As the Liberian Entertainments Co. seems reliable and financially able to promote and carry out its contemplated program and to develop and organize the motion-picture industry in Liberia and certain points on the West African Coast, it represents a contact worthy of consideration by American film producers and distributors. At the outset the organization is limiting its activities and expects to enlarge its operations gradually.

Economic conditions at the present time in Liberia are favorable, and, while the civilized population is relatively small, motion pictures have a definite appeal even to the mass of natives who cannot speak English.

Definite success, in view of possibilities offered, may well result from the Liberian Entertainments Co.'s venture into the motion-picture industry in West Africa.

SOUND-

There are no theaters or buildings in Liberia wired for the showing of sound films, and the prospects of selling sound equipment as the industry is developed locally appear to be fairly good.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	59,331 ft.	\$3,705
Negative sound	---	---
1936 - Positive sound	29,970 ft.	\$1,722
Negative sound	---	---

* * *

LITHUANIA

LEGISLATION-

In accordance with a law promulgated on October 1, 1935, and since extended

until October 1, 1938, all transactions in foreign exchange must be approved by the Foreign Exchange Commission of the Ministry of Finance. No difficulties, however, are being encountered in procuring the necessary foreign exchange in settlement of American commercial accounts. Lithuania is still on the gold standard, and the litas, the unit of currency, continues to be quoted at \$1.1689.

There are no laws in effect in Lithuania giving other countries preference over American films, nor are there any quota or contingent laws on motion-picture films in Lithuania; so far as can be ascertained, none are contemplated at the present time.

By an extension of the Lithuanian import license system, effective February 13, 1936, cinema films were included in the list of products for the import of which a license is required.

There is no legislation in effect in Lithuania at the present time which might reduce or prevent American distribution of motion pictures.

CENSORSHIP-

The Lithuanian Cinema Censorship Law became effective on September 1, 1932, and is still in force.

The total number of films censored during the first 9 months of 1937, amounted to 712, of which only 23 films were prohibited demonstration by the Film Censor of the Ministry of the Interior. Of the total number of films prohibited demonstration, 16 were of German production 5 of American production, and 2 of Soviet production. Of the total number of American films prohibited, two films were rejected by the Film Censor for their ultra-criminal nature, one film for its pessimistic content, one film for its alleged banality, and one film for its alleged immoral content.

While only 3 percent of the total number of films censored were prohibited demonstration by the Film Censor, it is believed that the censorship of films in Lithuania is rather strict, since virtually every film is subject to cutting before being shown, which often spoils the continuity.

COMPETITION-

According to official statistics, of the 689 films demonstrated in Lithuania during the first 9 months of 1937, 308 films were of German origin, 259 of American origin, and the remainder of French, British, Lithuanian, Soviet, and Czechoslovak origin.

The predominance of German films on the Lithuanian market is explained by the resumption of trade relations between Lithuania and Germany on August

15, 1936, and to the fact that the German language is widely understood in the principal urban parts of this country.

American films in general are well received by cinema goers throughout the country, particularly drama with "happy endings" and news reels. Locally produced news reels are unable to present the slightest competition to any foreign film owing to their poor production from a technical point of view, as well as to their limitations.

It may be stated that American news reels are preferred in this country to news reels of European origin.

COPYRIGHT RELATIONS-

Copyright protection in Lithuania is extended only to Lithuanian citizens under the former Imperial Russian Copyright Law which is still in force and in the absence of specific copyright conventions. So far as can be ascertained only one copyright convention has been concluded by Lithuania with a foreign country, namely, with Switzerland. No difficulties have arisen in connection with the showing of foreign motion-picture films and no case of plagiarism has been reported.

PRODUCTION-

According to the American Consulate's information, approximately 50 synchronized news reels having a total length of about 10,000 meters were produced up to October 15, 1937, by the firm "Musu Lietuva" (Our Lithuania), of Kaunas, holder of a concession covering the production of domestic news reels throughout the country. These news reels depict the more important and interesting events in the political and social life of the country. Furthermore, this firm has produced during the same period three cultural films depicting developments in agriculture, dairying, and in the production of butter. The total length of these three films was 4,500 meters.

The Cultural Department of the Ministry of Education has produced a cultural film entitled "Lietuva." The film, having a length of approximately 1,700 meters, was taken in Lithuania and then forwarded to the concern "Tobis," in Berlin, for technical preparation. It is a sound film and the preparation costs amounted to 20,000 lits.

The firm "Musu Lietuva" began the production of synchronized local news reels only in the beginning of the year 1937. The lack of capital and experts has so far prevented a successful production of such news reels, which are of a very poor quality in all respects. The local technique cannot be compared with the American technique by any means.

There is no objection to American films being "dubbed" in the Lithuanian

or any other understandable language. The predominant language in this country is the Lithuanian language, but German and Russian are generally understood.

There are no regulations requiring that foreign films must be "dubbed" when demonstrated in Lithuania, but the text of all films must be in the Lithuanian language. This is usually done in Latvia.

TAXES-

The current Amusement Tax Law became effective August 1, 1932, and provides for taxes to be collected from motion picture house tickets in the following manner: tickets up to 1 lit, 20 percent; from 1 lit to 2 lits, 30 percent; and over 2 lits, 40 percent. These taxes are considered as rather high by owners of motion-picture theaters in comparison with the local standard of living. In addition, the usual turnover tax is collected from owners of cinema theaters on the basis of gross receipts.

Licensed importers must pay a tax of 350 lits per annum for a license to import merchandise, including motion-picture films, having a value up to 10,000 lits during the calendar year. For each additional 10,000 lits or fraction thereof, 150 lits must be paid.

THEATERS-

According to reliable information, there are at present in Lithuania, including the Klaipeda Territory, 69 theaters. Dramas with first-class artists and sensational films are preferred by the local public.

The yearly gross income of cinema theaters in Lithuania is considered as strictly confidential by the owners of the theaters as well as by the tax authorities. It is estimated that the gross receipts of the five principal cinema theaters in Kaunas, the capital of Lithuania, during the year 1936, amounted to approximately 1,000,000 lits.

SOUND-

Sixty-three theaters are wired with sound equipment, while the remainder are equipped to show only silent films. The six theaters showing silent pictures are located in the most remote and small provincial towns, and their owners are not in a position to purchase wired sound equipment at the present time.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	121,969 ft.	\$2,916
Negative sound	---	---

IMPORTS FROM THE UNITED STATES (Continued) -

1936 - Positive sound	135,220 ft.	\$3,119
Negative sound	---	---

* * *

LUXEMBURG (GRAND DUCHY)

LEGISLATION-

There are no laws prohibiting foreign exchange in Luxemburg. There are no laws giving other countries preference over American films. There are no quota or contingent laws now in effect or contemplated. No legislation is now under way which might reduce or prevent American distribution of motion pictures.

CENSORSHIP-

There is no political censorship in the Grand Duchy of Luxemburg, and there is no censorship of the moral or religious tendency of films. This having been said, however, it must be thoroughly understood that no films exceeding the limits of good taste or political correctness would be tolerated. If managers were so ill-advised as to run such films, the Government would stop their display during or after the first performance. Where films have been advertised for production which obviously were false, misleading, or calculated to stir up hatred against one or the other of the great countries bordering on Luxemburg, members of the Government have inspected the films before projection and the management of the theater has been informed that the films in question could not be shown. This has happened only a couple of times, as managers are not desirous to risk loss by the cancellation of programs, and the last-minute substitution of a hastily put-together show.

Luxemburgers are by no means prudish and can thoroughly enjoy an occasional comedy or serious film drama touching upon subjects which are not for children and young ladies. In these cases a card reading "No admission for children" is placed before the box office. Ninety-seven percent of the population is faithful to the Roman Catholic Church, and no films can be shown which in any way treat Christian principles or ceremonies with disrespect.

COMPETITION-

The German films are the largest competitors of American products on this market, but in one sense there is no real competition. Motion-picture fans like certain types of American films which cannot be supplied by any other country, while on the other hand, certain categories of German films, produced by favorite actors, have their own field, which they will probably

hold for an indefinite future.

Possibly 30 or 35 percent of the films shown are American; a fluctuating 35 to 45 percent are German, and the rest are French. American competition is not likely to cut down the German percentage, and its gains must be made at the expense of French films. English, Austrian, and other films are occasionally shown, but have no competitive significance.

American films are greatly enjoyed in Luxemburg. There is no prejudice against them, and as they are always "dubbed" in German or French, audiences accept them on their own merits, and often neither know nor care what their origin is.

COPYRIGHT RELATIONS-

The Grand Duchy of Luxemburg adheres to the various international copyright agreements, and there is no danger of piracy of films or literary matter.

PRODUCTION-

One film, other than events for the weekly news reels, was produced in the Grand Duchy of Luxemburg during 1937. This was done by a foreign company and has to do with the scenic beauties of the Grand Duchy.

There are no studios or production facilities in Luxemburg.

There would be no objection to American films "dubbed" in the Luxemburg language, but there is no necessity for such action, inasmuch as all Luxemburgers speak, read, and write German, in addition to their native tongue. Nearly all understand French also.

While all Luxemburgers speak Luxemburgish in the home and informally together, German is the predominant language.

German films naturally do not have to be "dubbed" when shown in Luxemburg, nor is it necessary that they be supplied with French subtitles. French films can be shown in the original French without any difficulty, but it is desirable that they have German subtitles.

Until a year or two ago, the majority of American films shown were those intended for the German, Swiss, and Austrian exchanges, and were "dubbed" in German. During the last year, however, for various reasons, an increasing number of American films are being shown here in their French versions. For several reasons this is not to be recommended, and wherever German versions of American films exist, or are to be made shortly, it is recommended they they be supplied in this market.

TAXES-

Taxes in Luxemburg are moderate.

THEATERS-

Latest information indicates 30 motion-picture theaters in the Grand Duchy of Luxemburg. All of these are wired for sound, with one exception. If any theaters have been opened since this figure was given, they cannot number more than one or two. All Luxemburg theaters are either comparatively new, or have been overhauled and redecorated within the very recent past. The larger theaters in Luxemburg have within the past 6 months installed the latest screens and most modern sound systems. Projection and sound leave nothing to be desired.

The range of prices in motion-picture theaters is wide, and the better places are by no means cheap. At the four best theaters in the city of Luxemburg the cheapest seats are about \$0.25, followed by seats at just under \$0.35. These two classes of seats are downstairs and are rather near the screen--the cheapest, indeed, rather too close for comfort. The better places are priced at 10 Luxemburg francs, or about \$0.45 each. The use of "loges", or boxes, in local motion-picture theaters is widespread. These are equipped with comfortable easy chairs and afford privacy for from four to six persons. These seats cost a little less than \$0.60 each.

It is difficult to say which type of film is most popular locally. Films which are "hits" in New York or Berlin are generally equally appreciated in Luxemburg.

SOUND-

All theaters are wired for the showing of sound films, with one unimportant provincial exception. There is, therefore, no prospect of selling American sound equipment at present. It should be remarked, however, that the sound equipment in the majority of the better theaters is already of American origin.

* * *

MEXICO

LEGISLATION-

No laws are enforced prohibiting foreign exchange, which is not subject to exchange control. Nor are there any laws directly giving other countries preference over American films. Nevertheless, fraction 7-41-25 of the Mexican Tariff provides that sound films in the Spanish language are dutiable at the

rate of 8 pesos a legal kilo, while those in other languages are subject to a duty of 20 pesos per legal kilo. (A legal kilo is defined as: the weight of the merchandise plus its immediate container.) This automatically would be advantageous to films produced in Spanish-speaking countries, although it is applicable to any films wherever produced, if they are in the Spanish language. Nevertheless, imports from Spanish-speaking countries are comparatively limited, and the preferential tariff duty has not served to damage American imports.

No quota or contingent laws are in effect or contemplated for the immediate future, according to the trade. The national industry has made decided advances during 1937 and is considered to be in a position to compete within Mexico. Under fraction 7-41-26 of the Mexican Tariff, positive motion-picture films, measuring more than 20 millimeters in width, in any other language than Spanish (this requirement being applicable also to musical films) are dutiable at 20 pesos per legal kilo, if not more than 100,000 meters of film are imported from any one company. On meterage in excess of 100,000 meters imported from one exporting company, the tariff is 40 pesos per legal kilo. Inasmuch as no distributor in Mexico imports more than 100,000 meters of films from any one company, this provision in the tariff is not burdensome. Several distributors import more than 100,000 meters of films a year but distribute their imports among several exporting companies. Educational films of whatever width, when these are to be shown free of exhibition charges, are exempt.

No legislation is known to be contemplated at present which would operate to reduce or prevent American distribution of motion pictures. Certain preferential tax treatment is given Mexican producers and exhibitors of Mexican films, which will be discussed under "Taxation."

CENSORSHIP-

According to official information, the Central Censorship Agency in Mexico City reviewed 1,180 motion-picture films during 1937. Although it is stated in the trade that some films are rejected, nevertheless officials claim that no rejections were made in 1937, although portions of a number of films were cut out. Censorship takes the form of elimination of portions of films rather than a policy of rejection of the entire film, though this has occurred in a number of cases where national pride, customs, and history are deemed to have been damaged and political propaganda is considered to be present.

Censorship is not considered strict except as to political themes - that is, films which are considered to contain propaganda in favor of totalitarian states. Where films are considered to be derogatory of national pride, etc., censorship is deemed strict. Also, films involving a very religious theme are subject to scrutiny and revision. Censorship on moral grounds is not

considered overly strict.

COMPETITION-

It is estimated that competition among foreign countries is in the following order of importance: United States, France, United Kingdom, Germany, Spain, and Argentina. A total of about 418 feature-length films and approximately 500 shorts produced in the United States are estimated to have been exhibited in Mexico during 1937. It is estimated that at least 80 percent of the films exhibited in the country are American.

American films are well received. They are particularly popular in Mexico City and to a less extent in State capitals and other population centers. Easily they lead all foreign films. Nevertheless, the Mexican industry is improving the quality of its films, and this is particularly noticeable in professional technique and production facilities. Production methods have been considerably bettered by importation of more modern equipment. There are three outstanding studios at which films are produced in Mexico. These are:

- (a) Estudios y Laboratorios Cinematograficos "Mexico Films,"
F. Montes de Oca 117,
Tacubaya, D.F.
- (b) Estudios Cinematograficos Latino America, S.A.,
Kilometro 13 de la Calzada de Tlalpam,
Mexico, D.F.
- (c) Cia. Nacional Productora de Peliculas, S.A.,
Paseo de la Reforma 315,
Mexico, D.F.

The last-named is a cooperative organization composed of theater workers and executives, but is considered third in importance as yet. Producers of motion pictures rent the equipment of these studios in turning out films which they distribute either through their own distributing organizations or through several American or Mexican distributing entities. The American industry must face the problem of growing demand in Mexico for nationally produced films, which demand is in direct proportion to increased professional knowledge and technical skill. Formerly, in a number of regions an "interlocutor" was on hand at all exhibitions of films to read the sub-titles to the audience. But this plan is not followed as much as formerly.

COPYRIGHT RELATIONS-

Governed by Presidential Proclamation of February 27, 1886, and April 9, 1910. An additional copyright regulation was published in the Diario Oficial of April 16, 1924, and is also recorded on page 330, chapter VII, of the

Performed Civil Code of the Federal District.

PRODUCTION-

Fifty-two films of six reels or more in length are stated to have been produced in Mexico during 1937. Of the 1937 production, 33 have been exhibited. The rest will be shown during the first months of 1938.

The greater number of the films exhibited in Mexico in 1937 are reported to have been exported, largely to Latin American countries and to the United States, where they were shown in sections having a large Mexican population.

Production facilities are reported adequate, but producers complain that well-equipped laboratories are needed. Laboratory processes are said to be slow in comparison to those in American laboratories. Inasmuch as there is no color processing equipment, color films are not developed in Mexico, such development at present being done in the United States. Pressing need for such equipment is seen by producers. The industry is not considered well financed as a general thing. Many films in the past have been produced "on a shoe string," but, with the improved technique, important producers have come to the front and they are better financed than their lesser competitors. At times important distributing entities finance well-known producers, and two American distributing organizations are said occasionally to extend financial assistance to producers whose films they distribute.

In order to assist Mexican producers financially, a committee of the National Senate is studying the proposal to establish a bank to extend credit for national production. The President is expected to confer with the Senate Committee early in 1938, concerning the final draft of the measure to be considered by the Mexican Congress. Initially it was proposed to provide the bank with a credit of 5,000,000 pesos, but report in the trade is that this has been reduced to 2,000,000 pesos. Such credit will be extended at first to well-known producers, and a technical committee will pass upon applications for credit, if and when the bank is established. The bank would be known as "Banco Nacional Refaccionario Cinematografico," which may be freely translated as the Bank for the Financing of Motion Pictures.

The Government does not directly subsidize the domestic motion-picture industry. Indirectly, however, through favorable taxation, the industry is somewhat fostered. The total investment in the Mexican motion-picture industry is estimated at 40,000,000 pesos. Of this, it is believed that about 2,500,000 pesos are invested in production and by far the greater part of the rest in exhibition, which would include motion-picture theaters and equipment. No estimate is available as to the investment in distribution, which investment, however, is considered somewhat limited and involving largely office and storage space.

The technique used in turning out Mexican films is copied after American procedure, but on a smaller scale. Technical personnel, equipment, and extent of finances as yet limit the standard of Mexican films.

Objection to the "dubbing" of American or other foreign films in the Spanish language is so strong that it is rarely done. Generally, it may be said that Mexican motion-picture patronage follows the star featured in each film. Mexican motion-picture audiences have their favorite American stars, and attendance is drawn largely by the feature player rather than the theme of the film itself. The predominant language of the country is Spanish.

There is no requirement that foreign films must be "dubbed" within Mexico, but, should there be such a requirement, it would have little or no effect, inasmuch as Mexican audiences are definitely opposed to the "dubbing" of films. Some short films, particularly cartoons, are exhibited with "dubbing," but the practice is unusual.

TAXES-

Taxes are considered high by distributors and exhibitors. Exhibitors pay a municipal tax on box-office receipts plus a Federal tax on such receipts, plus a capital tax and stamp taxes. In the Federal District the box-office receipts are taxed at 13 percent by the Federal District government. On the proceeds of the tax the Federal Government levies a 15 percent tax. These Federal District and Central Government taxes are collected every 10 days. By a decree dated January 15, 1937, and published in the Diario Oficial of January 22, 1937, the Federal District tax is levied on the basis of the average box-office receipts during the months of October, November, and December of each year, and from this an average monthly tax collectable every 10 days is levied. The Federal District tax corresponds to a municipal tax. Municipal taxes in other portions of Mexico vary from 10 to 35 percent of daily receipts, the latter tax being applied in Veracruz.

Exhibitors in the Federal District were informed that the 1938 municipal and Federal tax levied on the basis of the October, November, and December receipts of 1937 would be automatically increased by 10 percent. Such taxes paid in Mexico City by the 55 theaters during 1937 are reported to have amounted to 4,120 pesos daily. It is estimated that on the basis of October, November, and December 1937, the Federal District tax in 1938 would amount to 4,580 pesos daily to which, however, is applicable the 10 percent increase, bringing total daily tax payments under this levy to an estimated 5,037 pesos daily for the 55 theaters. In addition to the municipal tax and the Federal tax on the municipal tax, the exhibitors must pay the income tax required by law, plus a tax on capital invested, plus stamp taxes applicable to documents.

In lieu of an income tax, distributors pay 5 percent gross rentals charged for films which they distribute. This provision is contained in a decree dated January 27, 1936, and published in the Diario Oficial of February 7, 1936.

1936. Such tax is covered by stamps attached by the distributor to receipts for payments received from exhibitors for the rental of films. In addition to this, distributors pay a tax on their capitalization plus stamp taxes, which latter comprise Government stamps attached to contracts and receipts.

National producers, under a decree issued February 3, 1936 and published in the Diario Oficial of February 7, 1937, pay no income tax on receipts obtained from the exploitation of films which they produce, whether such exploitation for exhibition purposes is in Mexico or in foreign countries.

THEATERS-

According to a census completed in November, 1937, there are 1,115 theaters in Mexico, and of these 543 are equipped for sound. It is believed that most of the theaters listed as not equipped for sound are inactive and are not patronized regularly by the public, inasmuch as the showing of silent films in Mexico is very restricted.

Average seating capacity of wired theaters is placed at 750 each, giving a total estimated seating capacity for the 543 wired theaters of 407,250.

The average admission price is estimated at 0.40 pesos. The Mexican peso is currently quoted at 3.60 pesos for \$1 United States currency, or \$0.2778 United States currency equals 1 peso, approximately. Admission prices vary according to the class of the theater. Maximum admission charge in Mexico City is 2 pesos at several first-class houses, but this top admission price is generally applicable for outstanding films and on holidays. Admission prices outside of the capital vary from 0.10 peso to 1.50 pesos.

Films with romantic themes, comedies (if competently done), and musicals are preferred. Westerns find a considerable following in the rural districts, if the heroism is not so heavily drawn as to be considered ludicrous, as happens in many cases. Mexican audiences outside of Mexico City are reported to prefer films that do not have too much talking, inasmuch as many in the interior regions of the country cannot read and the theaters have, to a considerable extent, abandoned the policy of someone reading the titles to the public. Mexican producers have stressed folklore plots in a considerable number of pictures made during 1936 and 1937, but this theme is due to be less and less used, inasmuch as audiences are reported to be tiring of this type of film.

SOUND-

A total of 543 motion picture houses, according to a recent completed census, are wired for sound in Mexico. Prospects for selling sound equipment in those theaters unwired are said to be good. Of the 572 unwired theaters listed in the census, quite a number could be profitably wired for sound. In

order that American films may obtain a wider distribution, it is believed that it would be advantageous to encourage the wiring of silent theaters, in order to provide wider distribution. Exhibition of American films could be encouraged by financial assistance being given to unwired theaters' proprietors for the installation of sound equipment in return an agreement being entered into between distributors and the proprietors calling for contracts for the exhibition of American films.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	8,594,673 ft.	\$271,331
Negative sound	35,360 ft.	\$1,054
1936 - Positive sound	8,820,437	\$283,997
Negative sound	75,746 ft.	\$1,838

* * *

MOROCCO

(International and Spanish Zones)

LEGISLATION-

In the Tangier Zone there are no laws prohibiting foreign exchange, or any contingents reducing the number of American films that may be imported and distributed. As there are only five theaters in the Zone, it has for general purposes been classed by the film companies as part of the Spanish territory, and the films supplied to it come mostly through agencies in Spain.

CENSORSHIP-

There is no censorship except to the extent that the International Administration might request the theaters not to show films susceptible of arousing native prejudice or disturbing public order. Such an instance occurred not long ago with reference to the showing of news reels concerning the Spanish civil war, the showing of which was discouraged inasmuch as the local Spanish colony is sharply divided in its political opinions and it was feared that any such films might produce conflicts between the supporters of General Franco and of the Valencia Barcelona Government.

In the Spanish Zone, however, the censorship is understood to be very strict, but as it is carried on in Spain itself before the films reach Morocco, there is no information as to the percentage of American films rejected, or the grounds on which they may have been prevented from reaching Morocco.

COMPETITION-

The largest competitors to American films are on the whole French and,

latterly in the Spanish Zone, German. Taken together, however, it is doubtful, whether these films would constitute 10 percent of those shown, as American films, dubbed in Spanish, continue to be by far the most popular. Inasmuch as the Spanish film industry is located in Barcelona, the production of films in Spain at present consists mostly of those of a purely news-reel character.

COPYRIGHT RELATIONS-

The laws of Morocco in all three zones have as a general rule adhered to the international copyright agreements, and no complaints of piracy have come to the attention of the American Consulate General at Tangier.

PRODUCTION-

There is no domestic production of films in any of the zones of Morocco. The predominant language of the country is Arabic, but there has been no attempt to dub films in that language, which would present considerable difficulty. For the benefit of the cinema goers, however, most American films shown in the French and Spanish Zones are dubbed in one or the other language. In Tangier, however, the population is more cosmopolitan or polyglot, and a number of American films are shown in the original English version with French or Spanish subtitles, but here, also, the greatest percentage is dubbed in either Spanish or French. There are no requirements in Morocco about the country in which the films must be dubbed, but as they are received from film agencies located in either Spain or France, it is assumed that the dubbing is done in either one or the other country.

TAXES-

In the Tangier Zone where is no taxation imposed on theaters, distributors, or importers, except the urban tax which amounts to 8 percent of the rental value of the premises. Films are imported on a temporary basis with only a small fee for customs formalities.

The situation is, practically, the same in the Spanish Zone, except that since the beginning of the Spanish civil war a 10 percent tax on admission is collected for charitable purposes. In the Spanish Zone, while no rigid taxes are imposed on the theaters, it is understood that they are subject to periodical "voluntary" contributions.

THEATERS-

There are five theaters in Tangier and sixteen in the Spanish Zone, with a total seating capacity of about 12,500, or an average of 500 or 600 places each. The average admission price is 3 francs in Tangier and 1.50 pesetas in the Spanish Zone.

The types of films most liked by the Moorish population are Western pictures with plenty of riding and shooting, or other adventure types with plenty of action. Sophisticated drawing-room stories, in which the action is mostly psychological, is apt to appeal more to the European film-goers. Nearly anything, nevertheless, is accepted as entertainment which cinemas, alone, in this region, are equipped to provide.

According to estimates received from the theater managers in Tangier, the average theater there takes in perhaps 2,000 francs a day, gross. This is based on three shows at 5, 7, and 9 p.m. daily. This would give an annual gross income of about 700,000 francs.

SOUND-

All of the 21 cinemas in Tangier and the Spanish Zone have been equipped for sound, and except as their equipment wears out and requires replacement there would seem to be no prospect for selling sound equipment.

* * *

MOROCCO

(French Protectorate)

LEGISLATION-

French laws apply.

CENSORSHIP-

According to local distributors, about 30 films are censored each year; no films have been rejected since 1930. Censorship is not strict - films usually are admitted after perusal of the scenario by the Protectorate's Board of Censors. The Board requires that they contain nothing anti-French or likely to excite Moroccan natives against the Protectorate authorities. In cases where the reading of the scenarios leaves doubt in the minds of the censors they may require private exhibitions of the films.

COMPETITION-

The chief competitor in French Morocco for American films is the "Marco-Film" company (affiliated to Isja-Film), of Algeria, which buys French films exclusively, but the competition is secondary, as 70 percent of the films shown in the Protectorate are American. There is no domestic competition. According to local distributors the good reception given to American films (with sound accompaniment in the French language) by local audiences of European origin is due principally to the poor quality and scarcity of French films and to the popularity of American film actors; if all things were equal, a marked preference would probably be shown for French films.

COPYRIGHT RELATIONS-

French laws apply.

PRODUCTION-

There is no local production of motion pictures in the Zone of the French Protectorate in Morocco. Distribution is made by agents of film companies (usually sub-agents of the Paris agents) and is concentrated in Casablanca, the commercial center of the Protectorate. No assistance is given by the Protectorate Government to the film industry.

TAXES-

No motion-picture taxes, as such, are paid in the Protectorate by theaters, but the theaters pay 10 percent of all gross receipts to the Protectorate Government as poor-tax, and, in addition, theaters in the cities of Casablanca, Rabat, Fez, and Mazagan pay $2\frac{1}{2}$ percent of their gross receipts to the municipalities in those cities as municipal taxes.

THEATERS-

A recent list of theaters in the Protectorate prepared by local representatives of motion pictures and related theatrical industries showed a total of 59 motion-picture houses - with a seating capacity of about 24,000. The average admission price is, roughly, 8 French Moroccan francs - equivalent to 27 cents American. The total gross income from motion-picture theaters in 1936 in the Protectorate was 15,370,200 francs - while it has been estimated that this figure may exceed 18,000,000 francs in 1937 - say \$600,000. For the films which cater in part to the native trade, the preferences are Wild Western or adventure subjects.

SOUND-

All 59 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

*1937 - Positive sound	13,002 ft.	\$590
Negative sound	---	---
1936 - Positive sound	---	---
Negative sound	---	---

NETHERLANDS

LEGISLATION-

Distribution of American films in the Netherlands is not adversely affected by any legislation, nor is any detrimental legislation under serious consideration. There is no restriction of foreign exchange, no law resulting in preferential treatment of foreign films, and no quota or contingent law in effect or contemplated.

The motion-picture industry is largely regulated by the Netherland Bioscoop Bond, a voluntary organization of the distributors and exhibitors, under by-laws and regulations approved by Royal decree. Changes in the by-laws of that organization constitute the legislation of 1937 most important to the industry. The decree of approval is expected to be signed in the near future.

Under the previous by-laws, most important decisions affecting the industry as a whole, such as the approval of requests to open new theaters, were referred to the entire membership for vote so that the ballot of the largest distributor was no more effective than that of the smallest exhibitor; the distributors, outnumbered by the individual exhibitors, objected to the manner in which the exhibitors used their superior voting power in some instances. It has now been provided that such matters shall be determined by a majority vote of the members of a governing board which will consist of an equal number of representatives from the distributor and exhibitor groups.

CENSORSHIP-

There was no change in censorship regulations or policy in 1937; the law of May 14, 1926, continued to govern censorship through a Central Commission of 60 members from which reviewing boards are appointed. All films are placed in one of three classes: (1) "Long" (feature) films, (2) "cultural" and "scientific" films which are usually short (although, rarely, some feature films receive this classification), (3) "short" films, including news reels and "trailers." The board further gives each film one of four ratings: "A", those which may be shown to audiences of all ages; "B", not to be shown to children under 14 years of age; "C", not to be shown to persons under 18 years of age; "D" not to be exhibited. By subsequent review, usually after alterations, the rating of a picture may be raised; a film having received a "D" rating at three reviews may not be again presented for the consideration of the censors unless it is so altered as to be considered a different film. Censorship fees are 0.035 guilder per meter for feature films and 0.01 guilder per meter for cultural and scientific films.

- A Roman Catholic censorship must pass all films rated "C" by the National Board before they may be exhibited in 28 municipalities in the Provinces

of North Brabant and Limburg. There is no charge for this censorship.

Any mayor may forbid the showing of any film in his community, but such prohibition is almost unknown. The City of Nijmegen requires the approval of a local censorship board, which charges no fee for reviewing.

During the first 10 months of 1937, the National Board of Censors passed, with ratings of "A", "B", or "C", 362 long feature films, compared with 344 in the similar period of 1935 and 389 in the same period of 1936. The number of long feature films banned without being subsequently passed during the 10-months periods were: 1935 - 16; 1936 - 17; 1937 - 16. Eleven of the films barred in 1937 were American productions, 2 were British, and 3 were French.

The grounds for banning films are given to the distributors interested but are made public by those distributors only with reluctance. Films are barred which are believed to incite disorder or immorality or which have objectionable political tendencies. "Ganster" pictures have received severe treatment by the Netherland authorities; immorality (nudity, especially in the "Catholic Provinces"), unacceptable treatment of religious subjects, and certain propaganda are other usual causes for rejection.

COMPETITION-

The following table, giving the nationality of long feature or cultural films passed by the National Board of Censors of the Netherlands, suggests the continued dominance of American films and a decline in the popularity of German films:

(January 1 to October 31)

<u>Nationality</u>	<u>1935</u>		<u>1936</u>		<u>1937</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
American.....	186	54.8	212	54.9	244	67.3
German.....	62	18.0	67	17.2	48	13.3
French.....	30	8.7	35	9.0	30	8.3
Czechoslovak.....	16	4.6	5	1.3	4	1.1
Austrian.....	17	4.9	16	4.1	10	2.8
English.....	18	5.2	26	6.7	21	5.8
Netherland.....	6	1.7	12	3.3	3	0.8
Hungarian.....	2	0.6	4	1.0	1	0.3
Italian.....	included		3	0.8	-	-
Russian.....	in		6	1.5	1	0.3
Spanish.....	others		1	0.3	-	-
Belgian.....			1	0.3	-	-
Others.....	6	1.9	-	-	-	-
	344	100.0	389	100.0	362	100.0

The increase in the American total and percentage in 1937 is due, in no small part, to the increasing number of cheap "program pictures" used by small city and provincial theaters on "double bills" to stimulate attendance. Films produced in England by American or British-American companies are classed as "English."

During 7 months of the 1937 period one of the three important first-run theaters in the Netherlands controlled by a German distributor (Ufa) was closed for extensive improvements; otherwise, a larger number of German films would have been censored.

COPYRIGHT RELATIONS-

The Netherlands is a member of the "Berne Convention." The present copyright laws are dated September 23, 1912. Copyright continues, with some exception, for 50 years after the author's death.

PRODUCTION-

Despite the success of a locally produced film based on, and titled after G. B. Shaw's "Pygmalion," released in February, there has been little activity among Netherland film producers. "Pygmalion" was the joint production of two groups of Netherland interests. Only two other films have been produced during the 1937 period, both classed as "cultural" and neither yet released.

The industry is poorly financed and the small demand for films using the local language limits the possibility of financial success to "cultural" films produced at slight cost and occasional films such as "Pygmalion," of outstanding merit. The public does not support mediocre national films. Production costs must be so severely limited on Netherland films that they cannot compare, technically, with American productions.

In addition to the generally high linguistic abilities of the inhabitants of the Netherlands, the acceptance of foreign films is influenced by the opportunity afforded for improving familiarity with spoken English, German, and French. Foreign films are, usually, preferred in the language of production rather than in "dubbed" versions, although "dubbing" in the native Netherlandish language might improve the reception of films expected to appeal especially to children or the less educated part of the public. Efforts to make successes of mediocre foreign films by "dubbing" in the local language have proved unsuccessful.

Foreign films may be "dubbed" in the Netherlands, but the few "dubbed" films exhibited in recent years (none of them American) have been processed in the country of production.

There is no Government subsidy or assistance to the domestic motion-picture industry other than the protection offered by the low import duty on foreign films.

There are three usual means of distribution of American films in the Netherlands.

(1) Several important American producers own locally organized distributing companies supplying films to the local company at nominal rentals and receiving, in addition to those nominal rentals, the annual profits of the Netherlands subsidiary.

(2) A smaller number of large American producers contract with independent Netherlands distributors for the local release of their annual productions, usually requiring a fixed minimum payment.

(3) The films of small independent American producers are distributed through small independent Netherlands distributors who may: (a) purchase Netherlands rights only from the producers; (b) obtain Netherlands rights through some distributor who has purchased all European release rights; or (c) purchase Netherlands as well as Netherlands Indian and other rights.

TAXES-

Taxation is not considered excessive. Theaters and distributors are not subject to special taxation other than reasonable license fees. Amusement taxes are fixed by municipalities, varying in some few localities from the 20 percent (added to the net admission or 16-2/3 percent deducted from the actual cost of admission, tax included) assessed in the largest cities and elsewhere generally. Import duties are fixed at 0.04 guilder per meter, to which must be added a compensating duty of 1 percent and a sales tax of 4 percent.

THEATERS-

There are 297 theaters in the Netherlands listed as wired for sound, 90 installations for sound on film and 207 installations for film and disk. There are no theaters giving scheduled performances not wired for sound. Some of the wired theaters show films only occasionally, being primarily operated for other entertainment. The number of theaters used solely, or primarily, as cinemas is 275, some of them operated only seasonally; the seating capacity of those theaters is given as 143,500.

No national data are available on average admission prices. The three largest cities of the Netherlands, Amsterdam, Rotterdam, and The Hague, contain

75 motion-picture theaters with a total seating capacity of 51,365; it is estimated that almost 40 percent of the total national admissions are paid in these cities. Average admission prices are higher in these cities than elsewhere, generally, but the following figures are indicative.

Motion-Picture Data for Amsterdam, Rotterdam and
The Hague

	Gross receipts motion-picture admissions, tax included (guilders)	Tickets sold	Average entrance price, tax included (guilders)	Per capita admissions
1930	10,669,651	15,352,198	.695	8.62
1931	10,183,254	14,645,043	.695	
1932	9,073,777	14,017,789	.649	
1933	7,715,809	14,264,900	.611	
1934	9,223,446	15,637,159	.590	
1935	8,835,769	17,742,815	.498	
1936.....	9,260,826	19,964,387	.454	10.68

In an effort to increase the average entrance price, the Netherland Bioscoop Bond has classified every motion-picture theater in the country and has established for each a minimum entrance price, together with a limitation of the number of seats in each theater which can be sold at those minimum prices; the use of admission tickets to pay for advertising has also been regulated. The effects of these regulations, established in October 1937, cannot yet be evaluated; both distributors and exhibitors are confident of the results and are considering extending the control over the sale of low-price tickets.

No definite preference for types of films is evidenced by the Netherland public. Despite the acceptance of foreign-language films, action is preferred to unsupported dialogue.

In the absence of any available statistics on gross motion-picture theater income, that income has been calculated at, roughly 20,000,000 guilders, including amusement tax.

SOUND-

There are 297 theaters in the Netherlands wired for sound, 90 installations for sound on film and 207 for sound on film and disk. The 275 theaters giving regularly scheduled showings of films, if only seasonally, are included. There are no motion-picture theaters in the Netherlands giving regularly scheduled performances which are not wired for sound.

For several years past no American sound equipment has been installed in the Netherlands; German equipment is usual, though there is an increasing number of installations of Netherland manufacture. American manufacturers have agreed not to compete in this market. It would be difficult for American manufacturers to meet local specifications, based on German models, at German prices, or to provide replacement and servicing facilities comparable with that of the German and Netherland manufacturers. There is some demand for

American equipment for 16-mm. film, although that film size is not yet used for scheduled cinema performances.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	4,941,098 ft.	\$88,588
Negative sound	---	---
1936 - Positive sound	4,379,765 ft.	\$77,842
Negative sound	42,268 ft.	\$1,910

NETHERLANDS INDIES

LEGISLATION-

Except for the high entertainment taxation laws which are discussed separately, there is no legislation adversely affecting American pictures, nor is there any official or public agitation against them. On the contrary, American films are well received by all sections of the population, including natives, Chinese, and Europeans. There are no restrictive foreign-exchange laws, no quota or contingent laws of any type, and no legislation in any way tending to favor Netherland or other pictures at the expense of American ones, nor does it appear at all probable that any such legislation will be put in force.

CENSORSHIP-

All films to be exhibited in the Netherlands Indies must be reviewed by the Film Censorship Commission. Censorship is strict but is not regarded as unreasonable. It is primarily based on a policy of preventing the showing of pictures which in the opinion of the Film Censorship Commission might tend to cause unrest within the various population groups or between them. As in previous years, censorship during 1937 was chiefly directed against subjects regarded as dealing with racial or religious differences, strikes and popular unrest of all kinds, mob disorders, and undue violence or cruelty. From the point of view of sex, there has been no relaxation in censorship, but, since the inauguration of the Production Code in the United States, the Commission has had little fault to find with American pictures in this regard, and the favorable effects of the operation of the code on the percentage of American pictures rejected may be seen from the sharp drop in that per-

centage indicated in the following paragraph. Censorship has recently been particularly exerted to prevent the showing of scenes or whole films which might be regarded as insulting to one of the population groups, whether large or small, resident in the Netherlands Indies. Population groups to be considered in this connection include natives, Chinese, Ne'herlanders, Japanese, Germans, and British. The chief religious groups to be considered are Mohammedans, Confucianists, Christians in general, and Catholics in particular. As far as the last two groups are concerned, pictures suitable for the Netherlands are in almost all cases suitable for the Netherlands Indies.

During 1936, 4 percent of the American footage brought into the Netherlands Indies was rejected for exhibition purposes by the Commission. This compares with 5 percent in 1935, 10 percent in 1934, and 12 percent in 1933. The rejection percentage for films of all countries during 1936 was also 4 percent, so that American pictures may roughly be said to have fared about the same as those of any other nation. Exact figures for 1937 are not available, but the percentage of American footage rejected during the first 8 months of 1937 is estimated at about 3 percent.

In the first 8 months of 1937, eight American films were rejected, reportedly mainly on the score of violence, gun-play, and mob disorder. During 1936 a total of 13 pictures were banned, for what were reported to be the same reasons as those above. No reason is ever given out officially by the Commission for the rejection of a picture.

COMPETITION-

On the basis of footage figures, American films made up 66.7 percent of the total number shown during 1936 and 66.1 percent of the total during the first half of 1937. The figure was 64 percent during 1935 and 68 percent during the first half of 1936. The table below shows distribution by countries in meters of film during 1936 and the first half of 1937. The figures are official Censorship Commission statistics and are equivalent to import figures, since all films must be reviewed, but will not necessarily agree with customs figures.

Film reviewed by Netherlands Indian Film Censorship Commission

	1936		January-June, 1937	
	Meters of film	Percent of total	Meters of film	Percent of total
United States	876,248	66.75	514,001	66.15
China	101,901	7.76	68,981	8.87
Germany	111,059	8.46	59,010	7.59
Great Britain	63,173	4.81	34,052	4.38
France	36,910	2.81	27,347	3.52
Netherlands				
Indies.....	47,969	3.65	27,803	3.58

Film reviewed by Netherlands Indian Film Censorship Commission (cont'd.):

	1936		January-June, 1937	
	Meters of film	Percent of total	Meters of film	Percent of total
Netherlands....	43,120	3.28	23,233	2.99
Other.....	32,312	2.48	22,535	2.92
Total meters reviewed.....	1,312,692	100.00	776,962	100.00

While German and Chinese films are in about an equal statistical position in furnishing the chief competition for American films, Chinese pictures are regarded as being in a somewhat different position from German films in view of their limited appeal. It is true that the 1,200,000 Chinese in the Netherlands Indies form an important section of the picture-going-public, but only certain theaters in definitely Chinese districts will play Chinese films, and apart from competition in these theaters, none of them first-run houses, American distributors do not feel pressure from the Chinese product. The 7.6 percent of the total supplied by German films during the first half of 1937 compares with 8.4 percent during the first half of 1936. They are not regarded as furnishing more than a small, but steady, competition to American pictures. It should be noted that all films in German are listed by the Commission as from Germany, although perhaps half of them were actually produced outside of Germany.

COPYRIGHT RELATIONS-

Laws of the Netherlands apply.

PRODUCTION-

There is no local production of any importance, although the Algemeen Nederlandsch Indische Filmsyndicaat (ANIF) was formed as a production company in the latter part of 1936. It originally planned to produce both weekly news reels and feature films, but up to the autumn of 1937 had produced no features and it is not probable that it will do so for some time. The ANIF does produce a weekly news reel on local subjects with running comment in the Netherland language, which is well distributed in the larger cities. These reels offer little competition to foreign news reels, as theaters usually run the news reel of an American company along with the ANIF film.

ANIF has a small studio near Batavia and two or three sound-trucks. The news reels are well produced from the technical point of view, being regarded as better in this way than the news reels produced in the Netherlands which are shown intermittently in the Netherlands Indies.

Apart from that of ANIF there is no local production. Foreign film

companies occasionally make travel shorts of various parts of the Netherlands Indies, a Swedish company, for example, spending some time on the island of Komodo during 1937.

No dubbed films are ever shown, foreign films simply using subtitles in the Netherland language, the dominant language among the European population. No subtitling is done in Malay or other native language, particularly since the illiteracy percentage is very high among natives.

TAXES-

The only difficulty which foreign distributors have to contend with from the legislative point of view in the Netherlands Indies is the high rate of taxation. Besides the corporation, salary, and wage taxes, which are high, but which every company operating in the Netherlands Indies must pay, the film trade is burdened with an almost prohibitive outdoor advertising tax in many cities and with municipal admission taxes which vary from 20 to 25 percent of the admission price. The latter tax is levied on all tickets without a "low limit", so that it amounts to a tax on gross box-office receipts. The import duty on films is now 12.50 guilders per 100 meters, instead of the former 15 guilders, motion pictures benefiting from a general reduction in emergency duty surtaxes early in 1937.

THEATERS-

About 160 theaters are estimated to be regularly open for daily performances, all but half a dozen being wired for sound. At least 30 more are available for motion-picture exhibition but are rarely open. Except in the case of theaters in the larger cities, seating capacities are very difficult to estimate, many rural theaters simply using long removable benches in the cheaper seats. The five first-run houses in Batavia have seating capacities ranging from 450 to 800, while most rural theaters open for regular performances are able to seat an estimated 400 or 500. Except in some of the Batavia, Surabaya, and Bandoeng first-run houses which cater almost exclusively to the European trade and charge from 0.60 to 1.80 guilders, admission prices in Netherlands Indian theaters range from 0.15 guilder upwards, best seats being priced at from 1 to 1.80 guilders, depending on the house.

The most popular films with audiences in the Netherlands Indies, judging from box-office receipts, are films of jungle life, animal films, or any pictures showing tropical or Southeastern Asia scenes. Next to these, all films with rapid action have an appeal, especially to the natives, who prefer them to musicals and other pictures which are successful in the United States. Audiences in general, however, demand quality as well as action, and, taking the above preferences into account, it might broadly be said that pictures successful in the United States and involving fast movement in the plot may expect good attendance locally.

It is almost impossible to arrive at a figure approximating the yearly gross income to Netherlands Indian theaters. The only indication regarding this is to be found in the figures covering receipts, in Java only, from municipal entertainment taxes, most of which are derived from motion-picture admissions. Total receipts by municipalities in Java from this source during 1936 amounted to 756,024 guilders, so that if the average amusement tax is taken as 22½ percent, gross box-office receipts from entertainments in Java during 1936 amounted to 3,360,100 guilders, as against 2,740,463 guilders in 1935. It is believed that after deducting receipts from other types of entertainment, including fairs and native plays, 80 percent of the above gross can be credited to motion pictures.

SOUND-

One hundred fifty-four theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,282,910 ft.	\$60,405
Negative sound	26,422 ft.	\$801
1936 - Positive sound	2,598,684 ft.	\$45,302
Negative sound	5,354 ft.	\$160

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NEW ZEALAND

LEGISLATION-

There are no laws prohibiting foreign exchange in New Zealand.

The only laws involving the granting of preferences to other than American films are British quota requirements for both distributors and exhibitors, and preferential film-hire tax rates applicable to British motion picture pictures.

The Cinematograph Films Act of 1928 provides for a distributors' quota of British films of 20 percent for the years ended December 31, 1937, and December 31, 1938. The current exhibitors' British quota is 20 percent for the year ending September 30, 1938, and a 20 percent quota is also required for the year ending September 30, 1939. It is possible that these quota provisions may be altered by legislation in the near future in order to comply more closely with pending quota legislation in the United Kingdom, which it is understood provides for higher quota percentages and minimum costs of production for quota films.

CENSORSHIP-

During the year ended March 31, 1937, 1,941 films of all classes, of a total length of 4,646,810 feet, were examined by the censors. Of this number 5 were rejected in the first instance, 38 were passed subject to excisions, 178 were passed with recommendations that they were more suitable for adult audiences, and 5 were passed with the caution that they were not suitable for exhibition to children. No appeals were lodged against the censors' decisions. An analysis of the work shows:

Origin	Quota or Long Films		Nonquota or short Films	
	Number	Length	Number	Length
		ft.		ft.
British	98	708,890	427	427,340
Foreign	339	2,419,240	1,077	1,091,340
	437	3,128,130	1,504	1,518,680

The countries of origin of the quota films were as follows: Great Britain, 90; Australia, 6; New Zealand, 2; United States, 338; France 1.

Of the five films which were rejected, four were "quota" and one "non-quota." All the quota films were British, while the nonquota film originated in the United States. In the previous year, eight American films were rejected.

During the year 1937, as compared with the previous year, the number of rejections dropped from 11 to 5, the number of films requiring amendment from 91 to 38, and the number of films recommended as more suitable for adult audiences increased from 155 to 178. An increase in the number of films for industrial purposes has occurred during this year, no fewer than 31 being examined.

Censorship in New Zealand is generally considered by distributors as not too strict, and conducted in a highly intelligent manner.

COMPETITION-

The only serious competition which American films have to meet is supplied by British productions. Quota regulations permit 80 percent of all films shown to be of non-British origin, and since the number of other non-British films exhibited is negligible, it may be considered that American films possess an 80 percent share of the market.

American films are generally very well received in New Zealand, particularly the high-quality feature films. There is a natural preference for

certain British films which depict a type of life and character essentially British, but the average non-American film does not enjoy the long runs at theaters that so frequently occur in the case of a high-quality American feature.

COPYRIGHT RELATIONS-

The New Zealand copyright legislation is believed to be adequate to protect foreign producers' copyrights. There were no changes in this legislation in 1936 or 1937. A complete summary of the copyright laws of New Zealand is on file in the Commercial Laws Division, Bureau of Foreign and Domestic Commerce, Washington, D. C.

PRODUCTION-

Outside of five scenic and industrial short films produced by the New Zealand Government to attract the tourist trade, so far as can be ascertained there was no local production of motion pictures in 1937 up to November 1, and none is anticipated during the remainder of the year.

Those films which have been privately produced in New Zealand have not enjoyed long runs, principally because their production technique has been in no way comparable to modern standards.

The tourist films produced by the Government, on the other hand, have exhibited on the whole excellent photographic technique.

In view of the very small number of films that have ever been produced in New Zealand, it can scarcely be said that a local production industry exists as yet.

Inasmuch as English is spoken throughout New Zealand, there are no foreign-language factors to be considered.

TAXES-

Film taxation in New Zealand is generally considered by distributors to be high.

Exhibitors must pay a license fee ranging from 10 shillings (\$2) to £ NZ 4 (\$16) per annum, depending on the number of days screening per year, except that in the four larger cities a flat rate of £ NZ 4 is charged if 75 percent of the quota films are exhibited for the first time in the city.

Distributors must pay a film-hire tax consisting of a percentage of the net receipts from rentals. The percentage is 25 percent for non-British films and 10 percent for British films. Net receipts are calculated by

deducting from gross rentals (a) overhead and distribution costs, and (b) an amount equal to 12½ percent of gross rental receipts.

Distributors are also subject to an income tax which is assessed on 12½ percent of gross rental receipts. Income-tax rates range from 1 schilling per pound (\$0.20 per \$4), to 7 shillings 6 pence per pound (\$1.50 per \$4), depending on the size of the taxable income.

Distributors must also pay license fees amounting to £2 (\$8), per annum if the number of quota films acquired during the year is not more than 12, and £5 (\$20) if quota films acquired exceed 12. Smaller annual license fees are also charged for storage privileges as follows: 5 shillings (\$1) for a license to store not more than 100,000 feet of film, and £ NZ 1 (\$4) if film storage exceeds 100,000 feet.

THEATERS-

During the year ended September 30, 1936, a total of 424 licenses were issued to exhibitors. This figure may be considered as a fair approximation of the number of motion-picture theaters at the present time. The total seating capacity is approximately 246,000.

The average admission price is probably 1 shilling 6 pence (\$0.30)

New Zealand audiences are partial to a wide variety of types of films. In recent years musical films, dramas, comedies, and Westerns have all proved popular.

Although accurate figures are not available, it is estimated that the yearly gross rentals of theaters amount to approximately £ NZ 1,500,000 (\$6,000,000).

SOUND-

All of the 424 theaters in New Zealand are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,675,238 ft.	\$74,953
Negative sound	53,243 ft.	\$2,445
1936 - Positive sound	4,170,785 ft.	\$75,291
Negative sound	109,305 ft.	\$1,902

* * *

NICARAGUA

LEGISLATION-

No laws exist which might be construed as giving other countries preference over American films. No quota laws, for allocation of the market for motion-picture films by countries, exist or are contemplated, nor is there any legislation which could reduce American distribution of motion pictures.

CENSORSHIP-

The censorship of films in Nicaragua is reported to be strict, covering about 220 pictures per year. No films have been rejected, the effects of the censorship being presumably limited to emendation. It is understood that the nature of the censorship is both political and moral.

COMPETITION-

The largest competitors of American films are German and Mexican ones, but American films nevertheless account for 95 percent of those shown, and are correspondingly popular.

COPYRIGHT RELATIONS-

Inter-American Copyright Convention, Mexico City and Buenos Aires, January 27, 1902, and August 11, 1910, as modified by the Havana agreement of February 18, 1928.

PRODUCTION-

There is no local production of motion pictures.

TAXES-

Taxation is considered rather high. Theaters pay an average of 7.17 cordobas per performance to the National District and Public Welfare funds in the case of Managua theaters, and about 8 cordobas per performance in fiscal tax stamps at 1 cent per ticket. Distributors pay 10 cordobas per month license fees and 15 cordobas for annual registration.

Import duties on motion-picture films are 3.25 cordobas per roll.

THEATERS-

There are 24 motion picture theaters in Nicaragua, with a total seating capacity of 21,750. The admission price runs from 5 to 50 centavos of a cordoba, and the average is perhaps from 15 to 20 centavos. The type of film

best liked by native audiences in the Wild West type, though the general run of dramas and news reels are also popular, as well as cartoon comedies. The yearly gross income is estimated at 120,600 cordobas.

SOUND-

All the theaters now in operation in Nicaragua are wired for showing of sound pictures.

The total investment in the local motion-picture industry (which means in distribution and exhibition) is estimated at 300,500 cordobas annually. The Government apparently does not attempt to subsidize local production, though, if a descriptive film concerning Nicaragua were to be undertaken under Nicaraguan auspices, Government support would probably be sought.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	7,923 ft.	\$99
Negative sound	---	---
1936 - Positive sound	---	---
Negative sound	2,074	\$40

* * *

NIGERIA

LEGISLATION-

. There is no legislation in effect detrimental to American films.

CENSORSHIP-

From April 1, 1934, to October 23, 1937, 138 films have been censored in Nigeria. Of this number three (The Pell Street Mystery, The Vanishing Trail, and Casanova) were rejected. No statistics have been kept by the Nigerian Board of Censor , composed of 21 members, as to the country of origin of films rejected.

Taking into consideration the different social, racial, and religious backgrounds of the inhabitants of Nigeria, the censorship of films is not very strict.

Pictures containing the following scenes are subject to removal by the Board of Censors:

Crimes against law and order will not be approved if their presentation

is such as to enlist sympathy with crimes as against law and justice or to inspire others with a desire for imitation. Scenes of shooting, stabbing, poisoning, etc., are eliminated.

The history, institutions, and customs of a race should be respectfully handled. Any scene depicting racial troubles or calculated to arouse racial feelings should be rejected.

Pictures which suggest that low forms of sex relationship are common, are not permitted. In particular, sexually suggestive scenes are excised.

No film which throws ridicule on any religious faith will be accepted and any scenes calculated to injure religious susceptibilities will not be permitted.

COMPETITION-

Statistics are not kept as to the countries of origin of films. They are chiefly British and American. American films are well received. From April 1, 1934, to October 23, 1937, 138 films were imported.

COPYRIGHT RELATIONS-

The British Copyright Act of 1911, regulating copyright relations with the United States, has been applied to Nigeria, and it apparently protects copyrights and American producers from piracy to the same extent that British copyrights and producers are protected in the United States.

PRODUCTION-

No films are produced in Nigeria. A British company sent a cast to Nigeria some time ago to obtain local color for a film which the company was producing.

English is the official language in Nigeria, although only a small percentage of the 20,000,000 inhabitants speak it.

Some of the principal native tongues are Hausa, Yoruba, Edo, Ijaw, Ibo, and Ibibio. There are several hundred tribes, each with its own language and customs. The market for motion pictures is not sufficiently large to consider "dubbing" in any of the native languages.

TAXES-

There is no special taxation upon distributors and theaters showing motion pictures.

Cinematograph equipment and films are admitted free of duty under item 22

of the Second Schedule of Resolution and Order No. 1 of 1937 under the Customs Tariff Ordinance, 1924.

THEATERS-

There are eight motion picture theaters in Nigeria, the total seating capacity of which is approximately 1,500.

Admission prices vary from 1d. (\$0.02) to 3 shillings 6 pence (\$0.87). Europeans pay the latter price for admission to an open-air motion-picture theater in Lagos which shows sound films three times a week. Silent films are shown to large native audiences in another open-air theater in Lagos for an admission price of 1 penny. In the latter, wooden benches are provided for seating purposes.

Comedy or adventure films are best liked by native audiences.

SOUND-

Two theaters in Nigeria are wired for the showing of sound films.

It might be possible to sell sound equipment on terms to one or two of those theaters unwired, but it would be a risky business.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,200 ft.	\$54
Negative sound	---	---
1936 - Positive sound	---	---
Negative sound	---	---

* * *

NORWAY

LEGISLATION-

There are no foreign-exchange restrictions in Norway at the present time. However, films from Germany and Italy are purchased under the clearing agreements in effect with those countries. There are no laws giving other countries preference over American films, and quota or continent laws do not exist and are not being contemplated. It would therefore appear that there is no legislation detrimental to American motion-picture interests in the Norwegian market.

CENSORSHIP-

During the first 9 months of 1937 a total of 542 films were censored, in comparison with 533 in the similar period of 1936. The total number of meters reviewed is given as 639,069 in the first 9 months of 1937, compared with 577,619 meters in the corresponding period of 1936; 1,316 and 884 meters, respectively, having been cut. Eight films were rejected in the first three quarters of the current year, similar number having been rejected in the corresponding period of last year. The films rejected this year include five American, two German, and one French. The American films rejected were all gangster or criminal films.

From an American and Continental point of view censorship is considered strict. Under the existing law, the censorship must not pass films which suggest disregard of the laws, are offensive to decency, or stress immorality or bad taste. Films are passed for "general" or "adult" exhibition, those likely to influence the minds of children or their ideas of right and wrong being passed only for "adult" exhibition. Cowboy pictures with close views of barroom or fighting scenes are prohibited for children, and these do not as a rule attract large adult audiences.

COMPETITION-

The main competitors of American films at present are Germany, France, Great Britain, and Sweden. Of a total of 124 films released in Oslo during the first half of 1937, American films numbered 75, or approximately 61 percent of the total, German 13 or 10½ percent, France 11 or 9 percent, Great Britain 10 or 8 percent, and Sweden 9 or 7 percent. The following table gives the number released in Oslo during the first half of 1936 as compared with the similar period of 1937:

	First six months	
	<u>1936</u>	<u>1937</u>
United States.....	85	75
Germany.....	13	13*
Sweden.....	12	9
Great Britain.....	8	10
France.....	10	11
Austria.....	2	4
Denmark.....	-	1
Russia.....	1	-
Italy.....	-	1
Total.....	131	124

(*) Includes one German-Austrian picture.

During the third quarter of 1937 a total of 53 new films were released in Oslo, of which 36 or about 68 percent were American and the 17 others were European. Statistics showing countries of origin are not available for the third quarter, but it is reported that French films have gained a much better foothold in the market, approximately twice as many having been imported so far this year as compared with 1936. A great many have not yet been released, however. In the third quarter of 1936, 64 new films were released, 37 of which were American and 27 European.

Of the 177 films released during the first 9 months of 1937, 111 were American and 66 were European, as compared with a total of 195 films released in the first 9 months of 1936, 122 being American and 73 European. Although there was a drop in the number of American films released in the first 9 months of 1937 as compared with the corresponding period of 1936, a survey of the above figures reveals the dominant position of the American product.

American films are well received and are decidedly the most popular in Norway. Although of a very poor quality, Norwegian films generally have long runs and attract large audiences. As a rule they are severely criticized, however, on the ground of faulty technique, unsuitable manuscripts, and poor direction. The popularity of the Swedish films is naturally due to the similarity of the Norwegian and Swedish languages.

COPYRIGHT RELATIONS-

Copyright relations, with legal rights and restrictions, are specified in the Royal Decree of July 1, 1905, as amended by the Decrees of April 9, 1910, and June 14, 1911.

The Norwegian Composers Association's International Music Bureau TONO, which corresponds to the American Society of Composers, Artists, and Publishers, collects royalties on all pictures shown in Norway. The fee at present is 0.85 percent of the box-office receipts (after the deduction of the Government tax) at the 45 largest theaters, which are members of the Municipal Motion Picture Theaters' National Association, and 1 percent of the box-office receipts at the other theaters. The royalties have been collected at the motion-picture theaters since June 6, 1930, but the percentage varies from year to year.

PRODUCTION-

Three Norwegian films have been produced so far this year, and a fourth is in the course of completion. The pictures which have been released are: "Morderen Uten Ansikt" ("The Murderer Without a Face"), "Bra Mennesker" ("Good People"), and "To Levende og en Dod" ("Two Living and One Dead"), and the fourth which has not yet been released is "Fant" ("Tramp").

The cost of the above four films was approximately 125,000 crowns each. The cost of the studio at Jar, the only one in Norway, is estimated at 1,000,000 crowns. At present there are 10 old-established film exchanges in Norway, with an average capital of 25,000 crowns each. Twelve new exchanges have been formed this year, with a total capital of about 300,000 crowns. It is understood that the theaters give preference to their old customers, however, and many of the new exchanges may have to close as a result thereof and because of the lack of experience in the film business. Approximately 75 percent of the theaters are leased from private owners.

Production facilities are not adequate, there being only one film studio in Norway. The Government renders no aid to film producers. For the promotion of Norwegian film production, an organization known as A/S Norsk Film was formed on July 1, 1935. This organization now operates the film studio at Jar, two of the above pictures having been produced by it. However, the studio is also rented to private companies. The A/S Norsk Film is maintained through the voluntary contribution of 1 percent of the box-office receipts at practically all theaters. Approximately 80 percent of the total receipts are now represented, but it is believed that all theaters will be included in time. According to present plans the A/S Norsk Film will remain in effect until July 1, 1940.

It is also the practice to organize a new company when a film is to be made, thus providing the necessary capital. Funds are so limited, however (approximately 125,000 crowns being available for each picture), that it is very difficult to produce satisfactory Norwegian films.

The technique of the Norwegian films is not comparable with American films. The Norwegian product may be said to be still in its infancy.

There is no objection to American films "dubbed" in the native language, but such "dubbing" would have no practical value. The native language is Norwegian, but a large percentage of the population has a very good knowledge of English and German. Foreign films do not have to be "dubbed" in Norway.

TAXES-

Taxation is not considered high in Norway. The Government tax on foreign films is 10 percent of the gross receipts, films of Norwegian production being taxed 5 percent. In addition to the Government tax, the municipalities generally charge a tax of 10 percent of the gross receipts, but where the theaters are municipal this has naturally been abolished. Distributors and importers are subject to the usual Government and municipal income tax and tax on capital. The Government tax is negligible. The municipal tax is based on the net earnings of the company, irrespective of the amount of capital.

THEATERS-

At present there are 250 motion-picture theaters in Norway. It is estimated that 150 of these are legitimate theaters having daily performances, the remainder consisting of meeting houses, halls, and similar places, properly equipped for showing sound films, but having performances only once or twice a week. The total seating capacity is not available.

In the 10 largest cities the average admission-price is about 1.50 crowns; and in the suburban districts approximately 1 crown.

The Norwegian audiences prefer good musical films and comedy dramas with the well-known stars. Sentimental films, historical and costume pictures are not popular.

The annual gross income of the motion-picture theaters in Norway was 13,250,000 crowns in 1936, 11,480,000 crowns in 1935, and 11,323,000 crowns in 1934. Receipts in 1937 are expected to show an increase of about 30 percent over the 1936 figures.

The rental of foreign films is still 30 percent of the box-office receipts, after the deduction of the 10 percent Government tax, whereas the rental of Norwegian films is 40 percent of the gross receipts, after the deduction of a 5 percent Government tax.

SOUND-

All theaters in Norway are wired for sound. Since the "Tobis" group has taken over the rights of two well-known American firms for this territory, new equipment is generally obtained from Tobis. There may be an opportunity for the smaller companies to sell equipment in this market, however, but the prospects are small. There are two theaters under construction in Oslo at the present time.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,897,846 ft.	\$39,086
Negative sound	---	---
1936 - Positive sound	1,550,436 ft.	\$30,309
Negative sound	---	---

* * *

PALESTINE

LEGISLATION-

There are no quotas, import licensing systems, or exchange-control regulations affecting imports of motion-picture films or equipment for motion-picture theaters. No legislation has been enacted which reduces or prevents American distribution of motion pictures or gives other countries preference over American films.

CENSORSHIP-

Censorship is strict. The Central Censorship Board, appointed by the High Commissioner, consists of nine members, including the District Commissioner, Jerusalem District, as chairman; representatives of the Inspector General of Police and Prisons, of the Director of Education, and of the Chamber of Commerce; the Assistant District Commissioner, Jerusalem District; as assistant secretary from the Chief Secretary's Office, and the Government Welfare Inspector.

Fees for censorship are:

For news or advertising films.....£P. = 0.100

For other films.....£P. = 1.000

Censorship is motivated by the desire to prevent offense on religious grounds, to Christians, Jews, or Moslems. Nothing giving prominence to moral laxity may be shown.

COPYRIGHT RELATIONS-

The copyright agreement between the United States and Great Britain was made applicable on October 1, 1933, to Palestine.

COMPETITION-

American (more than 50 percent), French, English, Austrian, German, Egyptian, Polish, Czechoslovakian, and domestic. American films are well received and generally preferred.

PRODUCTION-

There are three Jewish companies producing chiefly news and advertising films. Production facilities and financial resources of these companies are limited.

There is no subsidy or other assistance rendered by the Government for

the fostering of the domestic motion-picture industry.

TAXES-

The Government fees for the issuance of a license to operate a theater or cinema are as follows:

Annual license:-

Seating capacity 1 to 100, £P.10; 101 to 200, £P. 20; over 200, £P. 30.

Occasional license:

All classes, £P.0.500 per day.

The Government imposes a revenue tax on all theater and cinema tickets, varying according to the price of the ticket, as follows: Revenue duty on tickets of 50 to 99 mils, 5 mils; 100 to 200, 10 mils; 200 to 500, 20 mils; 500 to 1,000, 30 mils; 1,000 and up, 50 mils.

The city of Tel-Aviv is the only municipality in Palestine imposing a municipal tax on theater or cinema tickets. This tax (which is, of course, in addition to the Government tax) also varies according to the price of the ticket, as follows: Municipal tax on tickets from 1 to 50 mils, 2 mils; 50 to 85, 4 mils; 85 to 125, 8 mils; 125 to 150, 16 mils; 150 to 200, 24 mils; 200 to 250, 34 mils; 250 to 450, 50 mils; 450 to 1,000, 100 mils.

Customs duties on motion pictures and cinema apparatus imported into Palestine are as follows:

Serial number, tariff of <u>September 1937</u>	<u>Unit</u>	Rate of duty, <u>mils</u>
408 Apparatus, cameras and parts thereof and materials and accessories	ad valorem	15 percent
409 Film, blank	kilogram	75
410 Film, silent	kilogram	250
411 Film, synchronized with sound on special records	kilogram	500
412 Film, synchronized with sound on film.	kilogram	600

THEATERS-

The number of motion-picture theaters in Palestine is 34, with total seating capacity estimated at 23,000. Trans-Jordan has only one theater, in Amman, with seating capacity of about 1,000. The range of admission prices is from 20 to 155 mils for evening performances, and from 10 to 50 mils for

afternoon performances. Average admission prices are about 50 mils for evening performances and 30 mils in the afternoon. Information regarding total receipts at theaters has not been found available. Attendance has been reduced in 1936 and 1937 as a result of the unfavorable economic situation caused by civil disorders and political unrest in the country.

Arabic is the predominant language. Estimated population of the country on March 31, 1937, was 1,396,000, including 975,000 Arabs and 400,000 Jews. The official languages of the country are English, Arabic, and Hebrew. A large number of Jews are newly arrived immigrants who do not speak or understand Hebrew, and are more proficient in Polish, German, or other European languages. English is understood by a large par of the public attending theaters. It is customary to show Hebrew or Arabic dialogue on side of the screen to assist those not able to understand English or other sound language of the film.

SOUND-

All 35 of the motion-picture theaters in Palestine and Trans-Jordan are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	807,257 ft.	\$15,261
Negative sound	1,070 "	\$178
1936 - Positive sound	449,709 ft.	\$7,869
Negative sound	---	---

* * *

PANAMA

LEGISLATION-

There are no foreign-exchange problems involved in doing business in Panama. The Panama monetary unit, the balboa, is fixed at par with the United States Dollar. No preferential laws or decrees are in effect to the prejudice of American films over the films of any other country, nor are there any contingent laws or quota laws.

It is expected that the present administration will ask the next legislative Assembly, when it meets in the latter part of 1938, to increase the import duty on motion-picture films.

At least nine American film distributors are established in the Republic

of Panama, which is used by them as a distribution center for 18 countries, more or less, inclusive of the Republic of Panama and the Panama Canal Zone--that is to say, 7 Central American countries, 7 South American countries, the Panama Canal Zone (which is under the jurisdiction of the United States Government), Jamaica, the British West Indies, and the Danish West Indies. A situation developed in the early part of the present year that is illustrative of the problems arising under such a set-up.

During the current year a ruling of the Treasury Department of the Panama Government temporarily disturbed the business of the motion-picture distributors located in the Republic by increasing the cost of importing a reel from \$0.50 to \$10. The wording of the tariff item applying to motion-picture films in the basic tariff law (Item 1821 of Law 69 of 1934) was given an unprecedented interpretation by a ruling handed down on April 26, 1937. The film distributors operating in Panama protested vigorously. The distributors claimed that the amount of films they were actually importing for exhibition within the territory of the Republic was far too small in proportion to their general distribution activities involving many other countries, to enable profitable operations if each roll of films imported or reimported had to bear a tax of \$10 per roll.

Prior to the Treasury Department's ruling of April 26, 1937, motion-picture films had entered duty-free, plus 5 percent as a consular fee on an accepted valuation of \$10 per roll; thus each film paid \$0.50 upon entry into Panama. The local Film Distributors' Association, representing the American film companies operating in Panama, appealed to the Government to revert to the former duty-free status of motion-picture films. The petition of the distributors was based upon the peculiar character of their set-up in Panama.

An average of three copies on each individual production is said to be imported into Panama, while only one is actually exhibited in the Republic. Only a limited number of the total films imported are actually exhibited in Panama, shipments being made to and from other countries in accordance with their requirements. These shipments and reshipments sometimes represent as many as five distinct and separate exportations and reimportations, and the consular fees are paid to the Panama Government each time the motion-picture productions are reimported. The Government finally decided to rescind the requirement that films pay a tax of \$10 per reel, and motion-picture films have since been considered to have an arbitrary value of \$10 per reel for import purposes and are assessed the consular fee applicable to duty-free goods.

An Executive Decree (No. 111, published in Gaceta Oficial 7628 of September 20, 1937) raises the prevailing 5 percent ad valorem consular fee to 8 percent ad valorem, effective December 20, 1937. Films will hereafter pay \$0.80 per reel to enter Panama instead of the \$0.50 per reel formerly assessed.

CENSORSHIP-

No films were censored in the Republic of Panama during the current year. Censorship is not strict, and in reality no Federal censorship law exists. Public performances are regulated in accordance with the law as set forth in the Codigo Administrative, Articles 1221 through 1237, although the censoring of motion-picture films is not mentioned in these articles and no Federal censorship committee exists.

The City of Panama has a board of censors, the Comision de Censura de Piezas Teatrales, consisting of a president (the present incumbent being the Chief of the Seccion de Ingresos) a secretary, and three members for the two principal theaters in the City and two for each of the others. The present membership consists of 16.

A similar committee exists in Colon, but the Panama City Board of Censors acts practically for the entire Republic, and, as protests are usually brought before this Board, it is the most important. The committee is fair in passing on films and seldom bars any well-recognized American production. On those few occasions in the past when American films have been barred, or objections to them have been raised, the objections were due in almost every case to a complaint registered by the representative of a foreign government. Acceptance of a picture by the Panama City authorities is usually tantamount to insuring its acceptance throughout the country. The Panama City Board of Censors was established by Decree No. 38 of November 1, 1928, issued by the Alcalde of the Municipality of Panama. A copy of this decree in the original Spanish text and a list of the members of the Board of Censors, as of November 18, 1937, is on file in the Bureau of Foreign and Domestic Commerce.

No censorship committee exists in the Panama Canal Zone. Pictures that are permitted to be exhibited in the United States may be shown in any of the theaters in the Canal Zone (which is under the jurisdiction of the United States Government), although the Government-operated theaters usually provide in their contracts with distributors that parts of any film may be eliminated if it should be deemed advisable.

COMPETITION-

No domestic motion-picture production exists, so that exhibitions depend upon imported films. American-made films in the English language are by far the most popular that are shown on the Isthmus and account for the bulk of all exhibitions. The Canal Zone, it must be remembered, represents about 50 percent of the Isthmian market, and only English-speaking films are shown there. Occasionally a "short" with Spanish titles or a musical number in Spanish is shown.

Recent pictures made in and imported from Mexico have proven quite

popular. They have been given extensive notices and advertising upon their appearance. A Mexican-made picture in color was very well received by the Spanish-speaking audiences in the Republic of Panama, and, if the quality of the Mexican productions continues to improve, such films might become more than a casual competitive factor there.

The number of reels imported into Panama from Mexico during the calendar year 1936 was 93, whereas during the first 5 months of 1937 86 reels were brought in and during the second half of the year the number will probably show an increase over the first half, according to the opinion of local exhibitors.

An occasional picture from Argentina, from Spain, and from France is shown.

COPYRIGHT RELATIONS-

All copyrights are paid for in the United States before entering Panama. Law 70 of December 19, 1928, puts into force the Buenos Aires Convention of August 11, 1910.

PRODUCTION-

Motion pictures are not produced in the Republic of Panama by any local producing company. American films "dubbed" in Spanish for exhibition in the Republic are decidedly unpopular. The average Panamanian audience is bilingual, and English-speaking pictures are preferred to those "Dubbed" in Spanish, although the popularity of good all-Spanish-speaking pictures should be noted. Pictures shown in the Republic in any language other than Spanish must have superimposed titles in Spanish or pay a double tax.

TAXES-

The only Federal tax on motion pictures within the Republic of Panama is assessed against tickets. Tickets that cost up to \$0.20 each pay a tax of 1/2 cent; from \$0.21 to \$0.40, the tax is \$0.01; from \$0.41 to \$0.60, the tax is \$0.02. Tickets costing in excess of \$0.60 pay a tax of \$0.04 each.

Motion pictures produced in a foreign language and not having superimposed titles in Spanish pay double the rate quoted above.

Motion-picture theaters pay municipal license taxes that vary according to the city, classification of theater, gross income, etc. In Panama City, for example, the municipal tax is divided as follows:

First-class houses are taxed per month.....\$175

Second: " " " " " "..... 150

Third class houses are taxed per month.....	\$100
Fourth " " " " " ".....	50
Fifth " " " " " ".....	40
Sixth " " " " " ".....	30

Distributors are not subject to a tax as such; those established in the Republic are subject to the same taxation as any other business.

Motion-picture films are imported free of duty and are subject to the consular fee assessed against duty-free goods. Beginning with December 20, 1937, the consular fee on non-dutiable goods will be 8 percent ad valorem in accordance with Executive Decree No. 111, dated September 15, 1937.

Motion-picture films are considered to have a value of \$10 per reel for the purpose of computing the consular fee.

THEATERS-

The Republic of Panama at the present time has 24 motion-picture theaters in operation, with a total seating capacity of approximately 13,700. The National Theater was let out under contract and equipped as a motion-picture theater during the year, thus adding 1,140 to the total number of seats available in the Republic. Two additional motion-picture theaters are under construction, one in Colon with a planned seating capacity of 1,400 and one in the suburbs of Panama City with a proposed seating capacity of 600. When the two theaters under construction are completed and in operation about the end of the year, the number of theaters in the Republic will be 26, with a total seating capacity of approximately 15,700.

The Panama Canal Zone has 25 motion-picture theaters, as follows:

Panama Canal Bureau of Clubs and Playgrounds.....	11
United States Army.....	10
United States Navy.....	2
Y. M. C. A.....	2

The combined total seating capacity of the theaters in the Canal Zone is about 11,080. During the year 1937 two completely new theaters were constructed and another one was built as a replacement by the Panama Canal Bureau of Clubs and Playgrounds. The United States Army constructed one theater during the year as a replacement, and two new theaters under construction are expected to be completed in the spring of 1938.

The total seating capacity of all motion-picture theaters on the Isthmus at present is approximately 24,780.

Approximately five performances a day are given in the more popular

theaters in the Republic of Panama and two performances daily in the theaters in the Canal Zone, except that the Y. M. C. A. theaters give only one regular performance (on Sundays) and extra performances when transports are in dock.

The customary complete daily motion-picture program is made up of 10 reels, consisting of one feature, a news short, and one or two comedy shorts. The price of admission varies considerably throughout the entire territory. At the Army theaters the charge for admission is \$0.10, and \$0.15 for Army personnel, and \$0.25 and \$0.40 for civilian Government employees. At the Canal Zone theaters, operated by the Bureau of Clubs and Playgrounds, the price of admission is \$0.30 for ordinary-run pictures and \$0.40 for first-run features. In the first-run houses in Panama City and in Colon the price of admission is \$0.30 for matinees and \$0.40 for evening performances.

In general, the charge to children is everywhere \$0.10 and \$0.15, with a maximum of \$0.20 for the evening showings of first-run pictures.

Programs as a rule are changed four times a week in the Republic of Panama and from four to six times a week in the Canal Zone.

The Panama and Canal Zone theater public have a distinct liking for musicals and like any picture that has been popular in the United States. A unique characteristic of the Canal Zone audience is the special interest in news reels, which can be viewed here seven days after being released in New York. Since the large number of Americans residing on the Isthmus are keen to keep up with conditions in the United States, the news reels are particularly popular.

The interior represents such a small part of the market for films that it is hardly worth while for American distributors to undertake any special effort to cater to that section. Very little English is spoken or understood in the interior, and few of the laboring people can read or write, so that films provided with superimposed titles in Spanish are not intelligible to them. Spanish-language pictures are about the only type that these people enjoy.

SOUND-

All 51 theaters in this area are wired for sound and are provided with American-made projection equipment.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	10,123,039 ft.	\$127,992
Negative sound	2,038 ft.	\$35
1936 - Positive sound	9,814,771 ft.	\$221,985
Negative sound	9,204 ft.	\$141

PARAGUAY

LEGISLATION-

No legislation has been enacted directly affecting the motion-picture industry, nor are there regulations in force that would give preference to films of other than American origin.

It does not appear that any quota or contingent laws are contemplated at the present time or that the distribution of American films will be reduced or prevented by any legal action in the near future.

CENSORSHIP-

Censorship is governed by municipal decree but is not strict. In general there are no preview performances held by the censors except where the title of the picture gives rise to suspicion that the subject may be of questionable morality or political significance. Theater owners in Asuncion state that they have made an effort to handle only pictures of high moral standing and that no films have been censored during 1936 and 1937, but that the showing of the film "Wings over the Chaco" was held up for one performance, on the request of the Police Department of the capital, as a precautionary measure, in 1936.

COMPETITION-

Of the 340 pictures contracted for during 1937 by Asuncion distributors, all but about 7 percent were American. Such competition as there is consists largely of German pictures, although a few French, British, and Argentine films are shown. American pictures are well received and enjoy the greatest popularity. The popularity of foreign films is dependent on the opinion of Argentine critics as published in Buenos Aires newspapers.

COPYRIGHT RELATIONS-

The right to intellectual property is guaranteed by article 19 of the Paraguayan Constitution to all inhabitants of the Republic; however, no laws or statutes have been enacted governing the application of this constitutional right other than those provisions of Chapter XV of the Penal Code concerning penalties for unlawful appropriation of duly registered literary and artistic works and the stipulations of the Treaty on Literary and Artistic Property signed at Montevideo on January 11, 1889, between Paraguay, Argentina, Brazil, Bolivia, Chile, Peru, and Uruguay.

Inquiries among Government officials indicate that the whole subject of copyright protection in Paraguay is still in a somewhat nebulous state and no definite statement on protection afforded foreign works has been

obtainable.

PRODUCTION-

No motion-picture films are produced in Paraguay, nor are there any facilities for such production. Spanish is the cultural language of the country, but the native Guarani is understood and used frequently by the great majority of the inhabitants. There is no objection to American films "dubbed" in Spanish, nor must films be "dubbed" here.

TAXES-

Taxation on the motion-picture industry is light. Films are imported free of duty, while the sales tax on tickets is only 2 Paraguayan paper pesos each (\$0.0085 at the current rate of exchange of 235 paper pesos to \$1). This tax is levied for sanitation purposes and absorbed by the theater owners.

THEATERS-

There are a total of 14 theaters in Paraguay, with a total seating capacity estimated at 7,000. The average admission price is 50 Paraguayan paper pesos (\$0.21). No accurate figures are available on the yearly gross income of theaters, owners estimating from 3,000,000 to 10,000,000 Paraguayan paper pesos for each of the three leading houses.

Musical films are still best liked by native audiences; those of cultural or highly artistic character find little response. Three of the Asuncion theaters show pictures received direct from Buenos Aires, while the other five are second-run houses. The distributing companies generally show two feature pictures a week, one of them averaging 11 per month; shorts are used to lengthen programs at a rate of two or three per week, depending on the length of the feature showing. New pictures are put on Fridays, and theaters generally run double features Sunday afternoons and Mondays.

SOUND-

There are five sound-equipped theaters in Asuncion proper, but only two have modern installations. Three small theaters exist in the suburbs and outlying districts, but none are wired for sound. In the rest of Paraguay, there is only one theater wired for continuous sound - that in Encarnacion, which also has a silent picture house. Villarrica, Concepcion, Villeta, and Pilar have silent theaters showing films a few times a week.

A small market for sound equipment exists - namely, for the silent theater in Encarnacion, which is now trying to obtain equipment from Asuncion, and in Villarrica and Concepcion.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	7,884 ft.	\$473
Negative sound	---	---
1936 - Positive sound	---	---
Negative sound	---	---

* * *

PERU

LEGISLATION:

There are no laws in force prohibiting foreign exchange, nor does there exist any legislation which might reduce or prevent the distribution of American motion pictures.

The Peruvian government does not render any financial assistance in the fostering of the domestic motion-picture industry.

Complaints by importers of films and cinema owners regarding unjust censorship and other irregularities in film legislation in Peru resulted in a decree dated December 27, 1935, supplementing and modifying former ones on the subject. This decree, in turn, was supplemented by decrees of January 9, 1936, and February 19, 1936. A decree dated July 7, 1937, has been issued supplementing and modifying the former ones and also incorporating all the regulations pertaining to the censorship of films into one single text.

The decree of December 27, 1935, provided that films may be introduced into Peru only through the Callao customhouse and that films entering through other ports will be forwarded to Callao for clearance. The present decree further provides that a list of all films entering the country must be submitted monthly by the customhouse in Callao to the Censorship Office in the Department of Justice. This regulation was added so that no films entering Peru will escape the notice of the Censor Board. It is understood that on occasions films have been exhibited in the Provinces without first being reviewed and passed by the Board of Censors.

According to the new regulations, censorship duties which were formerly 3 centavos per meter on sound films, and 20 soles on films not exceeding 500 feet in length, have been fixed at a straight charge of 4 centavos per meter for all sound films. It is further provided that all silent films will pay a straight charge of 2 centavos per meter, the duty of 10 soles for silent films under 500 meters being discontinued.

Children under 5 years of age will not be admitted to shows at any time.

while children under 10 years will not be admitted to night performances.

The Peruvian Board of Censors has installed projection facilities of its own, although pictures may be reviewed by the Board in the distributors' release house (correction: last paragraph, page 132, in the "Review of 1936").

Censorship during 1937, according to distributors, was, generally speaking, more liberal than during 1936. Censorship bears most heavily on themes which are likely to cause feeling against classes, political parties, established order, and religion. The censorship of films pertaining to morals is based to a great extent on the morals censorship code as applied to productions in the United States.

During the period from January 1 to November 3, 1937, the censorship board reviewed 964 films. This number includes both features and shorts with a total length of 1,429,542 meters, paying censorship duties amounting to 50,718.09 soles (1 Peruvian sol, consisting of 100 centavos, written "s", is equivalent to approximately 25 cents United States currency). Two domestically produced films and 56 educational films were passed free of censorship taxes. Ten films were rejected, of which six were of American origin.

The relatively high percentage of American-made films rejected is in proportion, since between 65 and 70 percent of the films reviewed were American productions.

According to the new regulations, the exhibition of films will not be allowed unless they have first been approved by an individual censor, a special censorship body called "Patronato Nacional de Censura" and by the Minister of Justice in cases where it may be so decided. This censorship body will be composed of the district attorney of the Lima Superior Court of Justice, who will act as chairman, the Director of Education and three officials representing the Departments of Government and Police, Foreign Affairs, Labor and Social Prevision, a member of the Provincial Council of Lima to be appointed by the Council, and the Municipal Inspector of Shows. All of these officials will serve ad honorem. The treasurer of this body will also act as secretary and will submit his accounts monthly to the Department of Justice, which will in turn pass them on to the Government for approval.

The Film Censorship Office will be directly subordinate to the Director of the Department of Justice, and will have its own staff, according to provisions contained in the Budget. The Patronato will be subordinate to the Minister.

Other articles of the decrees cited, regulating the censorship of films, provide that shows will be classified as follows: Proper for adults (adultos); young women (senoritas), and children (menores). The term "menores" is used

to designate children of both sexes under 18 years of age, "senoritas" for young women of more than 18 years, and "adultos" for men above 18 years.

Children under 18 years will not be admitted to shows considered improper. One classification is "not recommendable for girls"; this is given on pictures that, while considered generally appropriate, are not recommended for young ladies. Another classification is "appropriate for boys and girls over 15 years." These last two classifications are contained in Supreme Decree of February 19, 1936.

In shows approved for minors it is prohibited to show pictures or trailers which have not previously been qualified as suitable for minors, although these be shown merely for advertising purposes.

Boys and girls under 18 years will not be admitted to any show approved only for adults, even though accompanied by their parents.

Penalties for infringement of these articles range from 20 to 1,000 soles, according to the gravity of the offense and the recommendations of police entrusted with enforcement. Outside of Lima censorship will be exercised by Municipal Councils. Members of censorship committees will have free entry to all cinemetographic shows.

A ministerial resolution, dated January 3, 1936, stated that the special function of Peruvian censorship is to scrutinize the morality of cinematographic shows throughout the Republic, prohibit exhibition of immoral, anti-nationalistic, and other pictures which may incite crime or delinquency or which may injure the dignity of foreign countries. The resolution also provides that the Censorship Board shall meet fortnightly, the attendance of one-half of its members being necessary for a quorum. Extraordinary sessions may be called by the President whenever deemed necessary or by two of the members if they request it. Decisions will be arrived at by the majority of attending members. In case of a tie the vote of the president will count as two votes.

The Board will study all applications for reconsideration from film agents and exhibitors when these are not satisfied with the censors' decision; it will pass upon claims or appeals from fines imposed for infringements of present regulations. A committee composed of members of the Board will act upon applications for reconsideration, review of the film, and render a decision from which no further appeal can be made. The same applies to reconsiderations of fines exacted. The Board of Censors has the power to adopt measures for improving its operation provided such measures are not opposed to existing regulations. It may also submit recommendations to the Government respecting its functions as experience may dictate.

Correspondence and applications requesting action of the Board shall be

sent with the film to be reviewed one week in advance. The Peruvian Board of Censors has no projection facilities of its own. Pictures are screened at distributor's release house. The Board will review all films in chronological order of receipt, advising exhibitors the day and hour their film will be reviewed. News reel, animated cartoons, and instructive films will receive priority, - that is, they will not have to be forwarded in advance or taken in turn. Other duties assigned to various members of the Board include the maintenance of proper records, preparing weekly programs of films to be passed upon, checking film footage, and regulating inspectors.

COMPETITION-

Motion-picture competition which was 90 percent American less than a year ago is now estimated at 70 percent American in playing time and 80 percent of pictures exhibited. Dominance of the Peruvian cinema market by American productions is said to be threatened by Mexican, Argentine, and European films.

It is now clear that in Peru American pictures are losing ground daily. Most Peruvians prefer pictures in their own tongue, and the Mexican and Argentine pictures, as poorly executed as they are, "reach the soul," as the expression goes, of the bulk of the population in both language and plot, whereas Spanish pictures featuring Mojica, produced in the United States, are really American-type dramas.

Nevertheless, distributors of American films are confident of holding the lion's share of the trade with present stars and features.

COPYRIGHT RELATIONS-

There are no laws in Peru specifically protecting copyrights and foreign motion-picture producers from piracy. In case of infringement, however, the articles of the Inter-American Copyright Convention, Buenos Aires, August 11, 1910, ratified on July 13, 1914, of which Peru is one of the signatory nations, could be evoked.

The titles of all films are duly registered in the local municipality, and the trade marks of the American companies operating in Peru are registered in the Peruvian Patent Office (Seccion de Industrias, Ministerio de Fomento).

PRODUCTION-

There were two films produced domestically during 1934, "La Bailarina Loca" and "Sangre de Selva" (Amauta Films, Ltda.).

The local production facilities are poor, and the technique is not in

any way comparable with that of American productions. The financial investment in local motion-picture production is estimated not to exceed \$8,000.

There is a definite objection to American films being dubbed in the native Spanish language. The standard presentation of foreign films is in the original language with super-imposed titles.

TAXES-

Taxation is considered high by exhibitors in Lima.

The following are the taxes imposed upon theaters, distributors, and on imports.

Municipal tax: 10 percent of admission tickets.

Municipal license tax: A tax on each performance equivalent to the price of five orchestra seats.

Exhibition tax: This tax is levied on the length of the film, the amount depending on the type of theater, location, etc. First-class cinemas pay 1 centavo per meter; second class, 1/2 centavo per meter; third class, 1/4 centavo per meter. This tax is imposed on the first performance only of each film at each individual theater at which it is shown. To illustrate, if a picture is scheduled to run 5 days at one theater, the tax is collected only on the initial performance of the run.

Mother Day Tax: An additional tax of 10 percent is levied on all admission tickets above 50 centavos on the first Sunday of May, for the benefit of the poor.

Christmas Season Tax: As authorized by law No. 8159 of December 20, 1935, an additional tax of 10 percent is levied on each ticket sold between December 5 and January 5 of each year, for the benefit of poor children.

Censorship Tax: 4 centavos per meter on all sound films and 2 centavos per meter on silent films.

Import Duties: Cinematograph films, printed and sound, 12 soles per legal kilogram.

THEATERS-

There are 201 theaters in Peru.

The total seating capacity is estimated at approximately 105,000.

The average admission price is 0.80 sol (20 cents, U. S. currency).

The native audiences are attracted by good musicals, comedies, thrillers, and dramas featuring well-known stars. Seriels are popular in the neighborhood houses and in the Provinces. Films in the Spanish language are preferred in the neighborhood theaters and those in the Provinces catering to the poorer classes. This is primarily due to the large percentage of illiteracy among the laboring classes, many persons being unable to read the Spanish subtitles on the American productions and consequently deriving more entertainment from Spanish-speaking films which they understand. Light musicals are not popular, but elaborate musicals are well received. Pictures containing good stores and much action are sure of a box-office success in Peru. French pictures are becoming more and more popular, and they are usually of the type that appeals to the Peruvian public. Two outstanding French successes in recent months were "Port Arthur" and "Mayerling."

The gross income of theaters in the Lima-Callao district, which includes the suburbs of La Victoria, Rimac, Miraflores, Barranco, Chorrillos, Magdalena, and Chosica during the year 1936 was 3,935,916.60 soles. It is estimated by the Caja de Depositors y Consignaciones, the Government fiscal collection agency, that 1,250,000 soles can be added to this figure to represent the approximate income of the theaters in the other cities and Provinces of Peru.

The gross income of the motion-picture theaters in the Lima-Callao district for the first 9 months of 1937 was 3,824,112.10 soles.

SOUND-

Most of the 201 motion-picture theaters in Peru are wired for sound, the only exceptions being about 20 small theaters in the Provinces in which portable equipment is used. According to sound-equipment distributors, there is no silent equipment operating in Peru at the present time. The prospects of selling sound apparatus are confined to obtaining orders for installation in newly constructed theaters and in replacing old equipment with up-to-date apparatus.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,225,414 ft.	\$56,838
Negative sound	10,743 ft.	\$524
1936 - Positive sound	3,206,271 ft.	\$54,121
Negative sound	6,083 ft.	\$76

* * *

PHILIPPINE ISLANDS

LEGISLATION-

The Manila ordinance covering storing of films is not causing any difficulty to motion-picture distributors, who have been asked to make only minor changes in their vaults. It appears that the new regulation will be made to apply strictly only in the case of newly erected vaults for storing motion pictures. A 5 percent tax on admission receipts of theaters selling tickets at more than 40 centavos was imposed at the beginning of the year. There are no quota or contingent laws and no difficulty with foreign exchange.

CENSORSHIP-

The Philippine Board of Censorship reviewed 1,649 films with an aggregate length of 4,979,782 feet in 1936, a substantial reduction from the 1,976 films with a footage of 5,588,082 feet in 1935. No information is available for 1937. Of the films reviewed in 1936, 1,542 were American; 28 Filipino; 22 Chinese; 21 British; 18 Japanese; 10 Spanish; 2 Mexican; 2 Australian; 1 German; 1 French; 1 Italian; and 1 from New Zealand. Of the total, 1,641 were approved without eliminations, 6 were approved with eliminations totaling 211 feet, and 2 were disapproved. The eliminations, which were slight, were from American and Filipino films and were due to immorality, undue nudity, prolonged torture, and explicit presentation of methods of crime. A Spanish film was disapproved entirely for the reason that it "glorified an escaped prisoner who was condemned for a grievous crime," and a locally-made film, "Igorote," because it was "full of misinformation and inaccuracies." The number of films reviewed in 1936 was lower than in any previous year since 1930, partly because of the interruption of transportation as a result of the maritime strike.

It was agreed by the Board of Censorship during the year that the code adopted by the Motion Picture Producers of America be made the official standard of judging and censoring pictures in the Philippines.

COMPETITION-

Of the films reviewed in 1936, 93 percent were American. Filipino films were second in number, with about 2 percent. It is believed that approximately the same proportion of the films shown in 1937 was American. Domestic production is still small, though locally-made pictures in Tagalog are increasingly popular.

A Chinese film exchange opened an office in Manila in April, 1937, to distribute Russian motion pictures. The venture was apparently not successful, as only three or four pictures were shown. The German Consul indicated to the Board of Censorship that his Government would look with disfavor on the

showing of two Russian films, "The Struggle" and "The Fighter." The two films were not shown.

COPYRIGHT RELATIONS-

United States copyright relations.

PRODUCTION-

There were 32 feature-length pictures produced in the Philippines in 1937, as well as 7 musical shorts and 17 news reels. All were sound productions and in Tagalog, with the exception of one in Spanish. An English version of one Tagalog film was produced. "Zamboanga," a feature film in English with several color scenes, for world distribution, was started in 1936 and completed in 1937.

Production schedules for 1938 contemplate a total of about 60 feature pictures, but actual production will probably fall short of that. Six companies were organized in 1937 to produce motion pictures, but only one appears to be adequately financed to become a factor in the industry. One local company has equipment for making color pictures but is not using it, and all of the producing companies are using American equipment.

One local producing company has ample capital, a second appears to have sufficient to turn out an average of a feature picture a month or better (at about 15,000 pesos each), and a third, just organized, has good backing. The technique is not comparable to that of American films. There is no objection to dubbing American films in Tagalog or other local language, but it would not pay. The predominant languages are Tagalog, Visayan, and Ilocana.

The total investment in production of motion pictures in the Philippines is estimated at about 500,000 pesos. Investment in distribution represents very little over the value of the films on hand, most of which are shipped on consignment by parent companies in the United States. The Government does not subsidize or otherwise assist the domestic motion-picture industry.

TAXES-

Municipal taxes on theaters vary, the highest being 1,800 pesos a year for a license of a first-run theater in Manila. There is an admission tax of 5 percent on total admission receipts of theaters selling tickets for over 40 centavos. Proprietors of such theaters have objected to this tax as discriminatory, since they must pay it on all admissions, whether over or under 40 centavos, whereas theaters which have no tickets selling for over 40 centavos pay no admission tax. The tax has been passed on to the public however, and there is no apparent intention of contesting it.

There is an excise tax of 3 centavos per linear meter on all films, imported and domestic. Foreign films pay a duty of 35 percent ad valorem, but this does not apply to American films.

THEATERS-

There are about 235 theaters in the Philippine Islands. Six first-run Manila theaters have capacities of 800 to 1,600. The general average for the islands is probably about 500 per theater, or a total of about 110,000.

First-run Manila theaters charge 0.55 to 1.65 pesos. The better theaters in Baguio, Iloilo, Cebu, and Davao charge 0.35 to 1.05 pesos. There are not more than 25 theaters charging more than 40 centavos admission, however, the usual rate being 15 to 20 centavos for the cheaper seats and 30 to 40 centavos for the better seats.

Native audiences like various types of films, but show a particular predilection for westerns, thrillers, and animal pictures.

Yearly gross income of motion-picture theaters is estimated at nearly 3,000,000 pesos, of which about 2,500,000 pesos is from American films. No information is available regarding the investment in motion-picture theaters. Aside from six first-run theaters in Manila in which the total investment is close to 5,000,000 pesos, it is believed that the average investment does not exceed 15,000 pesos per theater.

SOUND-

There are 213 theaters wired for sound. Those unwired are small and inconsequential. Of the theaters wired for sound, 42 are in Manila, 11 in Cebu, and 7 in Iloilo.

Prospects for selling sound equipment are not very great, as there are few theaters left unwired and the theater business, though apparently improved in 1937, is not sufficiently good to encourage opening of many new theaters.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	4,362,681 ft.	\$88,899
Negative sound	31,542 ft.	\$778
1936 - Positive sound	3,962,998 ft.	\$80,586
Negative Sound	33,319 ft.	\$807

* * *

POLAND

LEGISLATION-

There was little or no change in existing restrictions during 1937.

These include the general import and foreign exchange controls, which went into effect during the late spring of 1936 and which include small charges for filing of applications for import permits; an exhibitor's quota requiring cinema owners to reserve 10 percent of their screen playing time for domestic features, if available; and a revised entertainment tax, eliminating reduced taxes for foreign films qualifying as of "artistic" or "educational" value, both of which became effective as of August 24, 1936.

There are no laws giving other countries preference over American films. In connection with the general import control in Poland, foreign films were put on an import contingent basis. A global quota of 5,800 kilos was fixed for 1936 and unchanged for 1937, with the different importers receiving allocations in proportion to their average import during 1933, 1934 and 1935. In cases where importers would not derive sufficient product on this basis to warrant the existence of their exchanges, which particularly concerned new companies, the appropriate authorities agreed to make necessary readjustments by deductions from other companies more advantageously situated. No changes in the quotas are contemplated at the present time.

There was a project under consideration in 1936, designated as the "Film Fund," which was to tax all imported films 1 zloty, or approximately \$0.19, per meter and to use the fund thereby created to assist the local picture industry. Now this project which is still just a project is being designated as the "Film Bank" and includes a tax of 0.50 zlotys per meter on all films exhibited. This would affect locally produced films as well as imported ones, but it is estimated by the trade that 80 percent of the 300,000 zlotys which this tax would produce would be contributed by American films.

CENSORSHIP-

Early in 1936, the Polish censorship materially sharpened its regulations, whereby it was announced producers should neither produce nor distributors import film subjects including class struggle, riots of a revolutionary tendency, misery as a source of agitation, Russian background, or gangster and certain mystery sequences. These regulations remained in force during 1936 but were not considered very burdensome. Slight charges continued to be levied for censorship costs.

In 1936, of the 630 foreign films which were imported 514 were authorized for exhibition, leaving 116 films, 10 of which were rejected by the censor and the remainder apparently by the importers themselves. Of the 514 films authorized for exhibition, 215 were long features and 299 shorts. The meterage of total number of films imported was 692,000 meters, of the number authorized, 612,579 meters, and of the number not authorized, 79,421 meters. The average meterage of nonauthorized films was 685 meters, while that of long films authorized was 2,415 meters, that of shorts authorized 312 meters, and that of all films authorized 1,192 meters. The total meterage of 215 long films authorized was 519,309 meters and of the 299 shorts, 93,270 meters.

How many of the 116 films not authorized for exhibition in 1936 were of American origin is not revealed by available statistics. The American films rejected had a total length of 10,371 meters and an average length of 2,074 meters. One dealt with military life and was rejected by the military authorities. Others were rejected because of ganster and revolutionary themes.

Other films censored during 1936 were: One from England, with 2,400 meters; one from France, with 2,185 meters; three from Germany, with 7,849 meters; and two from the Soviet Union, with 4,596 meters.

While censorship in Poland is not considered too strict, some distributors of American films report that considerable difficulty is often experienced in preparing a film so that it will not be rejected by the censor. It is also reported that many American films are never presented to the censor.

COMPETITION-

Distribution, based on trade statistics for 1935 and 1936, was as follows:

Country	1935			1936		
	Number of features*	Percent	Number of shorts*	Number of features	Percent	Number of shorts*
United States.....	142	55.9	286	139	58.4	212
Austria.....	28	11.0	1	21	8.8	1
Germany.....	25	9.8	3	33	13.9	32
Poland.....	15	5.9	98	23	9.6	92
France.....	12	4.7	1	10	4.2	
England.....	12	4.7	-	7	2.9	-
Soviet Union.....	6	2.8	2	-	0.0	-
Czechoslovakia....	4	1.5	1	1	**	1
Switzerland.....	3	1.2	1	2	0.8	-
Denmark.....	1	**	-	1	**	-
Italy.....	1	**	-	-	0.0	-
Hungary.....	1	**	-	1	**	-
Palestine.....	1	**	1	-	0.0	-
Others.....	3	1.2	51	-	0.0	53
Total.....	254	100.0	445	238	100.0	391

*(Footnote) Features designated as having over 1,500 meters and shorts as having under 1,500 meters.

** " Less than half of 1 percent.

A compilation of the distribution of features during the year ended July 31, 1937, compared with the previous year, follows:

<u>Origin</u>	<u>1935-6</u>	<u>1936-7</u>
United States	136	129
Germany.....	20	34
Austria.....	19	18
Poland.....	16	23
France.....	10	13
England.....	9	5
Soviet Union.....	5	-
Other.....		1
Total features.....	215	223

Of the 223 films distributed during the 1936-7 season, 133 were in the English language, 51 in the German language, 25 in the Polish language, 13 in the French language, and 1 in the Czech language. Three American color films were shown.

The number of features shown in the key-theaters of first-run theaters of the city of Warsaw during the past two seasons were as follows:

<u>Theater</u>	<u>1935-6</u>	<u>1936-7</u>	<u>Theater</u>	<u>1935-6</u>	<u>1936-7</u>
Apollo.....	14	9	Imperial.....	-	13
Atlantic.....	16	17	Majestic.....	19	4
Baltyk.....	11	17	Pan.....	16	9
Capitol.....	12	13	Rialto.....	16	13
Casino.....	8	8	Rome.....	7	14
Europa.....	17	16	Studio.....	-	7
Filharmonia.....	17	23	Stylowy.....	14	16
Hollywood.....	16	17	Swiatowid.....	12	15
			Others.....	21	2

American films are always well received and generally preferred to domestic or locally produced films, but from the standpoint of profit to the exhibitor it is reported that the best of the locally produced films are more profitable, because of the fact that they are cheaper and draw about the same number of patrons at the same prices.

COPYRIGHT RELATIONS-

No changes occurred in the copyright law, full legal protection being granted foreign authors.

PRODUCTION-

In 1936 there were 124 films produced locally, with a total of 82,302 meters; 23 of these films, with 56,971 meters, were feature pictures, and 92 films, with 21,888 meters, were shorts. In 1935 total films produced

locally numbered 113, with 64,326 meters, 15 with 35,726 meters being features and 98 with 28,600 meters being shorts. It is estimated that 20 features will have been produced in 1937, by the end of the year, and from 85 to 90 shorts.

Domestic production facilities consist of three studios, as follows:

<u>Name</u>	<u>Location</u>	<u>Condition</u>	<u>Type of recording apparatus</u>	<u>No. of wired studios</u>
Falanga.....	Warsaw	Wired	Tobis-Klangfilm	2
Sfinks	"	"	British Acoustics	1
Polska Akustyka	"	"	" "	1

The latter studio is equipped for dubbing, and during the year ended July 31, 1937, dubbed two films, the Polish titles of which were "Kly i pazury" and "Kuwolnosci."

The above facilities are adequate for the needs of local production, but the type of films they are able to produce is greatly restricted and comprise mostly dialogue films. The industry is not well financed, and often productions are financed section by section. With the introduction of some German-trained technicians it is reported that the technique is adequate for the Polish market but cannot be compared with that of American films. There is no objection to American films "dubbed" in Polish; in fact, encouragement is given dubbed films by a 50 percent reduction in taxes. Polish is the predominant language of the country and pictures in Yiddish are reported to be profitably exhibited. At least three Yiddish pictures are produced locally per year and at least two imported. Foreign films to be "dubbed" must be "dubbed" in Poland to be exhibited in the country because import permits cannot be secured for films in languages other than the language of the country of origin of the film. However, it is not necessary for foreign films to be "dubbed" in order to be shown in Poland.

No trade estimates are available on the total investment in the local motion-picture industry, but it is estimated that local production represents an investment of some 4 million zlotys.

There are no laws permitting the Government to subsidize the local picture industry, but trade reports state that some assistance is rendered in the form of aid in obtaining financing for producing films locally. Since no subsidy exists, it does not come from customs payments on film imports nor through direct legislative appropriation.

TAXES-

Taxation is considered high. There were no changes in the schedule

of taxes during 1937. Distributors have to pay a censorship tax of 0.05 zloty per meter and duties as well as the regular business taxes consisting of a 3 percent turn-over tax, an income tax according to a schedule, a premise tax of 12 percent of the rent, and a municipal trade-license tax. Theaters pay a municipal tax ranging from 15 percent to 35½ percent of the admission price on imported films and 3 percent to 5 percent on locally produced films. The schedule follows:

	<u>General tax</u>	<u>"Polish theme" tax</u>
In Warsaw.....	60 percent of admission price	5 percent of admission price
Cities with population over 100,000 except Warsaw.....	35½ " " " "	3 percent of admission price
Cities with from 25,000 to 100,000.....	25 " " " "	3 percent of admission price
Cities of less than 10,000.....	15 " " " "	3 percent of admission price
Cities of less than 10,000.....	A general tax not to exceed 4 percent of total turn-over.	

Exhibitors qualifying under the 10 percent quota are eligible for rebates on normal taxes paid for films of non-Polish origin and those stamped "Dubbed in Poland." Other tax concessions are made for the playing of domestic products, long and short, except news reels; while tax reductions are made during the period May to August.

The following rates, plus 10 percent for customs expenses, are charged (American exports enjoy conventional rates where they exist):

	<u>Conventional rate</u>	<u>Autonomous rate</u>
	(Zlotys per kilo)	
Negatives	80	200
Positives	110	200

(Samples for local printing are admitted duty free, under bond)

	<u>Conventional rate</u>	<u>Autonomous rate</u>
	(Zlotys per kilo)	
Raw film	5.50	10
Advertising material:		

	<u>Conventional</u> <u>rate</u> (Zlotys per kilo)	<u>Autonomous</u> <u>rate</u>
Advertising material (cont'd):		
Stills.....	-	8.50
One-color posters.....	-	2
Colored posters.....	-	6
Mats.....	60	80

There are no laboratories for printing color positives, so the regular positive rates were applied for each print of a film imported. An appeal was made to the authorities for special concessions in these cases, which was granted on May 1, 1937, resulting in a reduction to 40 percent of the regular duty rate on positive films; i.e., 40 percent of 110 zlotys per kilo.

THEATERS-

There are in Poland a total of 741 motion-picture theaters, with a total seating capacity of 264,271 seats. 703 of these theaters were wired for sound, leaving 38 silent theaters. In addition there were also 47 traveling theaters.

In the vast majority of cases, films are distributed through three exchanges in Poland, located at Warsaw, Katowice, and Lwow (formerly Lemberg).

The total number is divided more or less as follows:

Warsaw zone: Total wired, 401; total unwired, 25; with the wired houses situated in principal cities as follows:

	<u>Jan. 1, 1937</u> <u>population</u>	<u>No. of</u> <u>theaters</u>	<u>Seating</u> <u>capacity</u>
Warszawa (Warsaw).....	1,232,531	65	40,061
Lodz.....	653,402	38	16,595
Poznan (Posen).....	265,271	14	7,595
Wilno (Vilna).....	203,305	9	4,312
Bydgoszcz (Bromberg).....	132,780	6	3,200
Czestochowa.....	133,245	5	2,616
Lublin.....	116,356	5	2,973

Katowice zone: Total wired, 144; total unwired, 3; with the wired houses situated in principal cities as follows:

	<u>Jan. 1, 1937</u> <u>population</u>	<u>No. of</u> <u>theaters</u>	<u>Seating</u> <u>capacity</u>
Krakow (Cracow).....	242,084	16	8,953
Katowice (Kattowitz).....	131,725	25	11,619

	Jan. 1, 1937 <u>population</u>	<u>No. of</u> <u>theaters</u>	<u>Seating</u> <u>capacity</u>
Sosnowiec	121,364	7	3,479
Chorzow....	108,280	5	4,137

Lwow zone: Total wired, 107; total unwired, 16. Lwow (Lemberg), with a population of 317,008, has 25 wired theaters, with 10,716 seats.

The average admission price is reported to be around 0.90 zloty, with 0.25 zloty being the lowest price in the rural districts and 2.50 zlotys the top price for the best seats in Warsaw.

The Polish audiences like "star-films" the best, especially those in lighter vein. They are not particularly interested in problem plays or cultural themes, although these types draw well in the larger centers.

Box-office receipts are estimated by the trade to be around 40 million zlotys annually, distributed 8 million in Warsaw and 32 million in other parts of the country.

SOUND-

As stated above, 703 of the 741 motion-picture theaters, or 95 percent, are wired for sound. It is not likely that the 38 unwired theaters offer any prospects of selling American sound equipment. If they offer any market at all, it would be for locally produced equipment or possibly for some of the cheaper European makes. The newest and best-appointed theaters in Poland, recently opened, installed European equipment by reason of its lower costs.

IMPORTS FROM THE UNITES STATES-

1937 - Positive sound	615,388 ft.	\$22,989
Negative sound	431,441 ft.	\$19,016
1936 - Positive sound	489,682 ft.	\$14,205
Negative sound	460,825 ft.	\$20,368

* * *

PORTUGAL

LEGISLATION-

There are no laws in Portugal prohibiting or restricting the purchase or sale of foreign exchange, nor are there any laws which give other countries preference over American motion-picture films.

Imports of motion-picture films into Portugal are not subject to any quota or other restrictions. Decree No. 22,966 of August 14, 1933, provided that 600 meters of Portuguese films were to be shown for each 9,000 meters of imported films, during that year, and that the proportion of Portuguese films to be shown with foreign films each year would be fixed annually thereafter. Because of the continued small Portuguese production, however, this provision of the decree has never been put into effect.

Although there has been some agitation in the local press recently for an increase in the footage of Portuguese film to be shown at every exhibition, now fixed at 100 meters under the provisions of Article 136 of Decree No. 13,564 of May 6, 1927, no action has been taken thus far.

It is understood that the three Portuguese firms engaged in titling foreign films with Portuguese texts have recently renewed a petition, which was rejected 2 years ago, requesting the Government to increase the import duty on films titled abroad. No action has yet been taken, but any increase in the duty would undoubtedly handicap American films imported into Portugal, approximately 75 percent of which are titled in the United States. The remaining 25 percent of American films, and all other foreign films imported, are titled in Portugal.

CENSORSHIP-

During the first 6 months of 1937, 512 films, totaling 508,856 meters, were censored by the Inspeccao de Espectaculos, as compared with 579 films, totaling 518,390 meters, in the corresponding period of 1936. Number and nationalities of the films censored are shown in the following table:

	<u>First 6 months</u>			
	<u>1937</u>		<u>1936</u>	
	<u>No.</u>	<u>Meters</u>	<u>No.</u>	<u>Meters</u>
American.....	274	345,476	279	290,046
French.....	98	80,132	98	94,209
Portuguese.....	76	15,092	110	19,926
German	34	40,808	51	70,146
British	22	15,138	29	34,311
Austrian	4	5,682	2	2,940
Spanish.....	1	2,196	5	3,500
Italian	2	3,146	-	-
Argentine.....	1	1,186	-	-
Brazilian.....	-	-	3	850
Russian.....	-	-	2	2,462

According to information received from local film distributors, one British, two French, and four American films were rejected by the censors

during the first 6 months of 1937. The censors are not required to give any reasons for the rejection of a film, although they may state that rejection was under the provisions of Article 133 of Decree No. 13,564 of May 6, 1927, which prohibits the showing in Portugal of films pernicious to the education of the people, those which may incite to crime, and those contrary to the morality of the Portuguese people or their political or social regimes, especially films presenting scenes of cruel treatment of women, the torture of men or animals, nude persons, lascivious dances, surgical operations, capital punishment, houses of prostitution, or assassinations. Films showing robbery by the violation or breaking in of domiciles, by means which may be employed in committing such crimes, or those glorifying crime by symbols or photographic effects are also prohibited.

The censorship is said to be strict, and results in the cutting of scenes from films before approval is granted, in addition to those films rejected.

COMPETITION-

The principal competition afforded American films in the Portuguese market comes from French, German, and British films, in the order named. As will be seen from the figures given for films censored, American films dominate the local market. While, on the basis of censored films, American films account for only about 50 percent of the total, it is estimated by local distributors that, on the basis of exhibitions, they make up approximately 75 percent of the total.

While it perhaps cannot be said that there is any preference for American films per se in Portugal, audiences are said to be most critical, and on this basis American films may be said to be preferred.

COPYRIGHT RELATIONS-

Under the provisions of Governmental Proclamation of July 20, 1893, foreign copyrights and foreign producers are protected from piracy.

PRODUCTION-

Four feature films and approximately 100 short films of 100 meters each were produced in Portugal during the first 9 months of 1937. Two additional feature films are expected to be released before the end of the year.

There is only one studio in Portugal equipped for the production of sound films, which is used in turn by the several local producers on a rental basis. Production has been held down by the lack of capital on the part of the producers, and the disinclination of banks and the public to invest in the industry, which cannot be said to be on a sound financial basis. Films produced in Portugal thus far are understood to be below the technical standards

set by foreign films.

There is no law requiring "dubbing" of foreign films in Portuguese, the language of the country, nor are there any domestic facilities for "dubbing." There is no objection to "dubbing" if it is well done; several "dubbed" pictures have not succeeded in the past, by reason of poor work, which made "dubbing" quite obvious.

It is estimate that a total of 70 to 90 million escudos is invested in the motion-picture industry in Portugal, the total being divided as follows: Producers, 5 million escudos; distributors, including American branches, 15 million escudos; exhibitors, from 50 to 70 million escudos.

There is no Government subsidy for the motion-picture industry in Portugal, and the assistance given it is limited to the provisions of the several decrees in force, including the compulsory showing of 100 meters of Portuguese film at each exhibition, and the lower tax paid for the exhibition of Portuguese films.

TAXES-

The taxes paid by motion-picture theaters in Portugal are considered high, and are based upon a percentage of the box-office receipts computed according to seating capacity. Where less than two-thirds of the sound film shown has been produced in Portugal, the tax is 7 percent of two-thirds of the box-office receipts figured on the basis of the number of seats in the theater.

Where two-thirds or more of the sound film has been produced in Portugal, the tax is the same as that prescribed for the legitimate theater, opera, vaudeville, and reviews. For example, in a theater with a seating capacity of less than 1,000, the tax is $3\frac{1}{2}$ percent of the price of tickets for one-half the seating capacity of the house.

Distributors are taxed 12 percent plus 4 percent of the estimated profits of the firm according to an estimate made by a committee appointed by the Government for the purpose of levying these taxes.

Motion-picture films imported are subject to an import duty of 5.50 gold escudos (for customs purposes, 1 gold escudo is equal to 24.45 paper escudos), plus a surcharge of 20 percent when brought to Portugal in vessels of countries with which Portugal has navigation treaties, or 28 percent if no navigation treaty is in force with the country under whose flag the vessel is registered.

THEATERS-

It is estimated that there are approximately 210 motion-picture theaters

in Portugal, of which 185 are wired for sound. The total seating capacity is estimated at 120,000.

The average admission price for motion-picture theaters in Lisbon and Oporto is 4 escudos (approximately \$0.18), and in other parts of the country 1.50 to 2.50 escudos (approximately \$0.07 to \$0.11).

Comedies, adventure and Western films, and historical films are best liked by the Portuguese audiences.

It is estimated that motion-picture attendance in Portugal averages between 18 and 20 million annually, but no information is available regarding gross receipts of motion-picture theaters.

SOUND-

Approximately 185 of the total of 210 motion-picture theaters in Portugal are wired for sound. Of the remaining 25 theaters, practically all are located in small towns or villages, and some of them are able to show sound films by renting portable equipment from time to time.

At the present time, the market for sound equipment is limited to sales for replacements of obsolete equipment, and to occasional sales to clubs or societies.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,825,962 ft.	\$48,374
Negative sound	---	---
1936 - Positive sound	1,553,560 ft.	\$39,448
Negative sound	7,659 ft.	\$534

* * *

RUMANIA

LEGISLATION-

Since 1932 the National Bank of Rumania has been vested by the Rumanian Government with a monopoly control of all foreign-exchange transactions in the country. Legally, all foreign exchange, arising from exports or other sources, must be ceded to the National Bank, which then allots exchange to pay for imports or for debts abroad. The object of this control has been artificially to restrict imports and to stimulate exports in order to protect the integrity of the national currency.

The situation was extremely difficult for importers until the end of 1936. With a good cereal harvest that year, and rising world prices, the exchange situation improved and most old commercial debts, which had been accumulating for a number of years, were liquidated. The year 1937 witnessed an even greater improvement in the foreign-exchange situation although efforts to compress imports have been only slightly relaxed and only for raw materials needed by Rumanian industry. No radical changes in the foreign-exchange situation are expected in the near future.

Under the commercial treaty between Germany and Rumania, German films pay an import duty of 8,500 lei per 100 kilograms instead of the regular duty of 15,000 lei per 100 kilograms levied against American and other films. This is the only known discrimination against American films contained in the laws and treaties of Rumania. In fact, however, the existence of a large balance in the German clearing account makes it relatively easy to secure permission to import German films.

Motion-picture films, together with most products other than raw materials, may be imported only after the importer has been granted an authorization to import such films from a particular country. Such authorizations are not, in general, granted unless the National Bank of Rumania has available exchange of the country from which it is desired to import which it is willing to earmark for the payment of the import in question.

Although from time to time quotas are allotted to new importers, in general the size of an import authorized for an individual importer is based on imports made during previous periods. The system is rigid in theory, but in practice imports of films have not been greatly handicapped for those importers who adopt the business practice in vogue in the country. Recourse to such practices is fraught with difficulties, but only by such action has it been possible for many importers to continue to bring in goods from countries with which Rumania has had an unfavorable commercial balance.

During the first 9 months of 1937 the Office for the Regulation of Foreign Trade issued authorizations for the importation of 4,750 kilograms of motion-picture films from the United States. The figure for the same period of 1936 was 4,474 kilograms.

Figures are not yet available on actual imports of motion-picture films from the United States during any period of 1937, but during 1936 6,883 kilograms were imported from the United States.

It is worth mentioning that in 1937 a company for making prints of motion-picture films was established in Rumania by an American citizen. The results have proved to be very acceptable, and local distributors are pleased with this development as it obviates the necessity of importing more than one copy of a film. Their import authorizations will, therefore, cover a greater

number of films.

The distribution of American films in Rumania is in danger of becoming complicated by difficulties over the payment of customs duties and income taxes.

CENSORSHIP-

According to figures obtained at the Censorship Office, approximately 370 films were submitted for censorship during 1937. Of the total number of films submitted for review, about 20 were refused exhibition licenses. Approximately half the films refused exhibition licenses, or 10 films, were of American production. The other 10 were European. The 10 American films rejected were, it is understood, of the gangster type, and the censorship office considered that they would incite youths to commit crimes in spite of the triumph of law and order in the end. Censorship is inclined to be strict, and often films which deal in a light or mocking manner with subjects considered connected with the national dignity or with the preservation of public veneration for institutions of the State are severely cut before being allowed to be exhibited.

Control over motion pictures is exercised in the name of the State by the Commission of Control and Censoring of Motion Pictures, composed of 16 members nominated by the Ministry of the Interior and appointed by royal decree for a period of 4 years. A new regulation governing the censorship of films in Rumania, replacing the regulation issued on February 8, 1934, entered into force on April 30, 1936 (Royal Decree No. 971 of April 27, 1936). The principal change was the transfer of control over motion pictures from the Ministry of Public Education to the Ministry of the Interior, Office of Radio-phonc and Cinematographic Emissions. On October 14, 1936, through Royal Decree No. 2233, motion-picture control was transferred again, this time to the National Tourist Office, another dependency of the Ministry of the Interior. Although the tenure of the members of the Board of Censors is for a term of 4 years, this provision is not strictly observed. A new Board of Censors, replacing a board appointed for a period of 4 years on January 18, 1936, was named by Royal Decree No. 2233 of October 14, 1936.

It should be noted that article 41 of the new regulation, although upholding the right of the Minister of the Interior, or the Under Secretary of State or Secretary General of this Department acting for him, to suspend or even cancel an authorization for reasons of public interest, does not give them the right to issue exhibition permits for films which have been refused authorization by the Board of Censors. This limitation was intended to end interventions in favor of banned films by influential politicians or others. The Board of Censors may approve the exhibition of a film after it has been cut or changed in accordance with its dictates. Titles, texts, posters, and and programs are also to be carefully censored by the Board of Control. The

title and the written texts, as well as advertising posters and the printed programs, must be in the Rumanian language. This eliminates the use of Hungarian or German subtitles and superimposed titles on American films. Another interesting provision is that children under 16 years of age may attend only educational programs or programs of diverting films especially approved for children. While the previous regulation required the exhibition of educational films only, prior to 8 p.m., every Sunday and holiday, this provision in fact has never been respected because of the shortage of such films, and the new regulation omits this requirement but provides that, on Sundays, only educational films can be exhibited prior to 1 p.m.

Authorization is granted to the film and not to the person presenting it. Once approved, a film retains the authorization regardless of who is in possession of it. The authorization is granted for a period of 3 years from the date of issue. If it does not contain special restrictions for certain regions, it is good for the whole country. The validity of the authorization is subject to the careful observance of all details mentioned in the final decision of the Commission.

COMPETITION-

The greatest competition to American films is offered by the French, with films produced in Germany in third place. Seventy percent of the total films shown are American, according to reliable reports. This figure covers only full-length features.

Despite the fact that many more Rumanians know the French and German languages than English, American films are well received and preferred above all others.

COPYRIGHT RELATIONS-

Producers are protected from piracy, since Rumania is a member of the International Copyright Union. Copyright reciprocity between Rumania and the United States was established by an agreement proclaimed by the President of the United States on May 14, 1928. No changes occurred in 1937.

PRODUCTION-

One feature-length film was produced in Rumania during 1937. In addition, the National Tourist Office produced a number of scenic shorts which aroused little interest.

The Rumanian Government has endeavored to establish a local motion-picture industry for more than 10 years, but despite governmental financial assistance, these efforts have failed.

In view of the impossibility of finding an export market for films,

with Rumanian dialogue, private capital has avoided investment in a local film industry, and only the Government is interested in such a project. In 1934 a decree creating a National Cinematographic Fund was issued. Although collections since then are estimated to have exceeded 100 million lei (\$700,000) nothing of importance has been realized. In 1936 the fund was transferred to the National Tourist Office, which decided it could be expended to greater advantage in carrying on propaganda abroad.

The only production equipment in the country is that of the National Tourist Office which is able to make only news reels and shorts. Whenever it is decided to make a feature-length film, foreign equipment, usually Hungarian or Austrian, is borrowed.

The occasional film produced is not backed by sound companies but by "free lancers." Funds are usually furnished by relatives or friends of the leading members of the cast. Naturally the technique of these rare undertakings does not compare in quality with that of American films.

The predominating language of the country is Rumanian. Foreign films are not required to be "dubbed" with Rumanian dialogue, and several attempts so to dub films in 1935 proved to be unsatisfactory, not justifying the expense.

TAXES-

Owners of motion-picture theaters are constantly complaining that the "spectacle taxes" imposed on motion-picture exhibitions are ruinous. Nevertheless one large new picture theater has been built in Bucharest during each of the past three years, and another is projected for 1938. Spectacle taxes at present are as follows:

- 20 percent of gross as general tax for State.
- 2 lei each admission for the aviation fund.
- 2 lei each admission for the Ministry of Cults and Arts.
- 1 leu each admission for the Social Assistance Fund.
- 1 leu each admission for National Cinematography Fund.
- 2 lei each admission for the municipality.

Total: 20 percent of gross, plus 8 lei per admission.

The second-run theaters especially find these taxes high. In addition, exhibitors pay taxes on their personal incomes and, like all other renters, 12 percent of their rent and other minor taxes which, in all, probably eat up another 5 percent of gross income. Some calculations show that taxes use up from 41 to 67 percent of gross receipts. This leaves between 33 and 59 percent to cover other expenses such as rental of film (between 30 and 50 percent of gross receipts after taxes have been deducted), rental of theater,

electricity, salaries, fuel, repairs, advertising, and amortizations of cost of equipment. In March 1937 the Bucharest exhibitors threatened to close all their theaters in order to dramatize the precariousness of their situation and secure relief by threatening a total drying up of this important revenue of the State. At the last moment they decided that such action was not the course of wisdom. The fiscal authorities have not capitulated in any way.

Distributors, who are at the same time importers, are subject to a minimum payment of about \$940 per 100 kilogram for first copies and about \$450 per 100 kilogram for additional copies. If a feature-length picture weighed 20 kilograms (a high estimate), the import expenses then would be somewhat less than \$200 for the first copy and about \$90 for additional copies.

THEATERS-

Throughout Rumania there are 325 theaters with a total seating capacity estimated at approximately 250,000.

The average admission prices are: For first-run picture houses in Bucharest: 58 lei (approximately 41 cents); second-run houses in Bucharest and first-run houses in Provinces: 35 lei (approximately 25 cents).

The films preferred are musical comedies, films with world-famous stars, films with a historical background, love stories.

SOUND-

A total of 293 theaters, or about 90 percent of the theaters in Rumania, are wired for sound. The theaters not wired for sound are small ones in places where the cost of the cheapest installation would not be justified, and only second-hand equipment would be purchased.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	1,713,356 ft.	\$35,616
Negative sound	114,097 ft.	\$3,010
1936 - Positive sound	1,849,950 ft.	\$44,307
Negative sound	---	---

* * *

SOUTH AFRICA

LEGISLATION-

There are no laws in South Africa which restrict or prohibit foreign exchange in any way.

There are no quota restrictions on the importation of films, nor are there any laws which give films produced by other countries preference over American products. There has been no official notification nor is there any reason to believe that any quota or contingent laws are contemplated. The distribution of pictures is on a completely satisfactory basis, and nothing in the present situation gives any indication that legislation which might reduce or prevent American distribution of motion pictures has ever been suggested.

CENSORSHIP-

The Board of Censors viewed 1,161 films during 1936. Three hundred and twenty-three of these were classified as drama, 364 comedy, 466 were news reels, topical-interest, and musical films, and 8 were trailers. The results of the censorship were as detailed below: 1,080 of them were approved without excision, 43 were approved after certain excisions were made, and 38 were rejected.

Films approved without excisions:

For general exhibition.....	906	
" exhibition to Europeans only.....	24	
" " " " and non- Europeans (excluding natives).....	107	
" exhibition to persons over the age of 12 years only.....	3	
" exhibition to Europeans and non- Europeans over the age of 12 years (excluding all natives).....	16	
" exhibition to Europeans and non- Europeans over the age of 16 years (excluding all natives).....	5	
" exhibition to Europeans over 12 years only.....	3	
" exhibition to Europeans over 16 years only.....	<u>16</u>	1,080

Films approved after certain excisions:

For general exhibitions.....	20	
" exhibition to Europeans only.....	1	
" " " " and		
non-Europeans (excluding natives).....	19	
For exhibition to persons over the age of		
12 years only.....	1	
" exhibition to Europeans over the age		
of 12 years only.....	1	
" exhibition to Europeans over the age		
of 16 years only.....	<u>1</u>	43
 Films rejected: Total number.....		<u>38</u>
 Total.....		1,161

It is indicative, perhaps, of the freedom of the market that no information is available on the country of origin of the rejected films. It will be seen in the list above that 19 of those films approved after excisions were made were approved for exhibition to Europeans only. The native problem in South Africa is one that must be handled carefully, and the Board of Censors is apparently alive to that situation.

Undoubtedly censorship is strict, and, because the verdict of the Board is invariably upheld, its decisions may be considered as final. The Board is not unreasonable, however, and on the whole importers have little difficulty with it, as its attitude is so well known that they do not offer for review some pictures that have been passed without difficulty in other countries. In brief, the Board has power to approve or reject a film unconditionally subject to the condition that it shall be shown only to a class of persons specified by it, or after specified portions have been cut out. The Board will not approve any film that prejudicially affects the safety of the State, is calculated to disturb peace or good order, prejudice the general welfare, or be offensive to decency.

COMPETITION-

Approximately 70 percent of the films shown are American.

Except for an occasional picture of different origin, and apart from the small amount of news reel filmed locally, there is no competition to American and British films. As might be expected in one of the Dominions, there is a sympathetic feeling for British films, but those that have been shown in the Union of South Africa are with several outstanding exceptions inferior to American productions. The largest importer distributes from this territory through Southern Rhodesia where there is a definite quota allotted to British

productions, and this fact partly explains why importation of British pictures is as great as 15 to 20 percent of the total. There is, too, the fact that airmail service gives British news reels a time advantage over American news reels and adds to their greater local appeal, which is normally due to the preponderance of British items in them. Apart from this type of film the public definitely prefers American films.

There is a development taking place which promises to affect distribution within the next few years. For a long time a local company monopolized the business throughout the territory. A few years ago an American producing and distributing company severed its connections with the local company, built several theaters in South Africa, and has finally developed its own outlets. Within the last few months another American company has severed relations with the local company on the grounds that its products as a group were not given full distribution in southern Africa. This latter American company has now opened an office in the Union and intends to establish its outlets throughout the territory. It is not easy to do this, as most of the motion-picture exhibitors are controlled in one way or another by the local company. However, if the plan is successful, it promises to alter the entire basis of motion-picture distribution in the Union of South Africa.

COPYRIGHT RELATIONS-

The laws of the country fully protect copyrights and also protect foreign producers from piracy.

PRODUCTION-

It should not be thought that the production of motion pictures in South Africa has reached the stage where it might be termed as industry. It is true that there is one well-equipped studio in Johannesburg, but its output is not designed to compete with American films. It has made some pictures for the publicity department of the South African Railways and Harbors Administration, it produces a certain small amount of news reel, it has made a Safety First film for local use during the last year, and is now engaged on the production of a historical film of the Union of South Africa. No information is available on the number of feet of local production during 1937; the total is unimpressive and has no effect on importations. Production facilities are sufficient for the needs of the local industry, it is well financed, and, considering its size, its technique is excellent.

The Union of South Africa is bilingual. Although both the Afrikaans language and English are of equal standing officially, it has not been found necessary, nor is it likely to become necessary, to dub pictures in Afrikaans. The greater number of the people speak English; those Boers who do not are in the rural areas where the influence of the Dutch Reformed Church is strong and not favorable to attendance at theaters. By far the major portion of admissions are paid by English-speaking peoples. There seems to be no

indication that films will be "dubbed" in Afrikaans.

The "native languages" are understood to mean the languages of the original native races. The purchasing power of those races is low and their influence negligible. It will be many years before their tastes are considered.

TAXES-

High taxation is prevalent in South Africa.

THEATERS-

There are approximately 275 theaters in South Africa.

SOUND-

All theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	4,975,184 ft.	\$114,856
Negative sound	64,669 ft.	\$97
1936 - Positive sound	4,445,373 ft.	\$86,890
Negative sound	---	---

* * *

SPAIN

There is no report for this year from Spain. Export figures below indicate very few American films shown in this market during 1937.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	46,356 ft.	\$771
Negative sound	17,842 "	221
1936 - Positive sound	5,325,064 ft.	\$107,126
Negative sound	468,741 "	16,623

* * *

SWEDEN

LEGISLATION-

There are no quota or contingent laws existing in Sweden on motion-picture films. Neither are there any foreign-exchange restrictions.

CENSORSHIP-

During 1936 the Swedish Film Censoring Bureau examined a total of 7,314 films (including copies) having a length of 5,470,585 meters. Of these, 2,278, with a length of 2,185,296, were American; 4,003, with a length of 2,411,343 meters, were Swedish, and 1,033 films, having a length of 873,942 meters, were from other countries. Of the total number 4,114 films, with a length of 1,050,786 meters, were news reels and so-called nature or travel films, comics, and other "shorts."

During the first 6 months of 1937 (latest available figures) the total number of films (including copies) censored was 2,411, having a length of 1,743,548 meters. Of these, 978, with a length of 856,364 meters, were American; 974, with a length of 470,668 meters, were Swedish; and 459, with a length of 416,516 meters, were from other countries. Of the total number, 1,308 films, with a length of 337,062 meters, were news reels and other "shorts."

All pictures, except a few educational and nature films, distributed in Sweden during 1937 were with sound.

A total of 30 films, having a length of 55,648 meters, were rejected during 1936. The corresponding figure for the first 6 months of 1937 was 24, with a length of 45,967 meters. There is no available figure as to the proportion of American films so rejected, but reliable trade sources estimate these at about 80 percent of the total. In this connection it is to be noted that some of the films rejected have been partially cut and re-censored, following which they have been passed for showing. Rejection is due to one or another of the causes above listed.

As a rule films showing suicides, terrifying scenes, and other crimes contrary to general law and morals, as well as acting that may have a bad influence, are forbidden. However, there seems to be no hard and fast rule on this subject. Children under the age of 15 years may attend the showing of certain films only. Each film which is approved for showing is classified as "children permitted" by board of censors. Films in which murders, robberies, hold-ups, gangster life, etc., appear fall in the "children prohibited" class, or are in extreme cases rejected altogether.

COMPETITION-

The domestic producers are the largest competitors of American films in Sweden.

It is estimated that between 50 and 60 percent of the films shown are of American make.

Importers of American films have estimated that of the total income from films shown, 54 percent goes to Swedish, 38 percent to American, and 8 percent to films of other origin.

COPYRIGHT RELATIONS-

Established by Royal Decree No. 381, dated May 30, 1919, and amended by Royal Decree No. 74, dated April 24, 1931.

PRODUCTION-

It is estimated that approximately 25 feature films will have been produced during 1937.

During 1936, a total of 28 feature films were produced in Sweden by the following companies, all of which are located in Stockholm:

Aktb. Svensk Filmindustri	6
Aktb. Europafilm.....	5
Aktb. Svensk Talfilm.....	4
Aktb. Wivefilm.....	3
Aktb. Irefilm.....	3
Aktb. Anglo Film.....	1
Aktb. Fribergs Filmbyra.....	1
Aktb. Alliansfilm.....	1
Filmia Aktb.....	1
Aktb. S.B.D.....	1
National Film Aktb.....	1
Nordisk Filmproduktion.....	1

In addition, a large number of short subjects and news reels were produced during 1936, mostly by Aktb. Svensk Filmindustri.

The production facilities are regarded as "adequate," and the Swedish film industry is, except for a few of the smaller companies, well financed and receives no subsidy from the Government. The technique of the Swedish films is not sufficiently high to be comparable with that of American films.

Dubbing has not met with success in Sweden. Some films have been dubbed, of which a few were American, but the result has not been good. American

films are not liked dubbed for the reason that the Swedish public is anxious to learn and hear English, and wants to hear the voice of the actors. The same may be said of French and German films.

Some educational and so-called nature films are shown with running comment in Swedish.

The predominant language of the country is Swedish.

TAXES-

During 1936 taxes levied on tickets sold by motion-picture houses in towns and cities in Sweden (for rural districts no statistics are available) amounted to 3,895,360 crowns (today's rate of exchange: Swedish crowns 3.89 to \$1 U. S. currency), against 3,491,717 crowns in 1935. These taxes are governed by Royal Decree No. 256, dated May 30, 1919, and No. 529, dated July 16, 1919, and are levied as follows:

Price of ticket <u>(Sw. crowns)</u>	Tax <u>(Sw. crowns)</u>
0.50.....	0.05
0.50 to 1.00.....	0.10
1.00 to 1.50.....	0.20
1.50 to 2.00.....	0.30
2.00 to 2.50.....	0.40
2.50 to 3.00.....	0.50

Ten percent of the remittance (license fees, royalties, etc.), made by branch company offices of foreign producers of films to their home offices is taxable under the Swedish income and property taxation system. Other distributors, and domestic producers, in turn, as Swedish companies, are taxed in the ordinary way on the basis of the Swedish taxation system.

The Swedish import duty on developed films is 1,580 crowns per 100 kilograms actual net weight, including the weight of certain packings, and on undeveloped film 80 crowns per 100 kilograms actual net weight, including the weight of certain packings.

THEATERS-

On January 1, 1937, there were 1,783 motion-picture theaters in Sweden, divided into different groups, depending upon the number of performances per week, as follows:

	<u>No. of theaters</u>
Group 1 (14 performances per week).....	310
Group 2 (8 to 13 performances per week)	87
Group 3 (4 to 7 performances per week)...	185
Group 4 (1 to 3 performances per week)...	908
Group 5 (1 performance per fortnight)....	230
Group 6 (upon special occasions).....	63
Total.....	1,783

In Stockholm, there were 86 theaters with 14 performances per week, on January 1, 1937.

In 114 cities and towns in Sweden there is a seating capacity of 162,-874. For the whole of Sweden (including rural districts) no exact figure is available, but the best trade sources give an estimate of 425,000.

The average admission price is 1.20 crowns.

Society dramas and comedies are best liked in Sweden.

No statistics are available, but it is estimated that during 1936 the gross income of the motion-picture theaters in Sweden amounted to about 27,-000,000 crowns.

SOUND-

All of the 1,783 theaters are wired for sound. In some cases (rural districts) sound reproduction apparatus is transported from theater to theater.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	5,009,479 ft.	\$108,978
Negative sound	44,694 ft.	\$845
1936 - Positive sound	4,533,641 ft.	\$94,194
Negative sound	4,253 ft.	\$99

* * *

SWITZERLAND

LEGISLATION-

There are no laws giving other countries preference over American films, and foreign exchange is not restricted.

Quota or contingent laws are not in effect. With the establishment of the proposed Film Chamber, however, a system regulating imports of foreign films may be established. Definite information on this point is not available at this time. There is no legislation tending to reduce or prevent American distribution of motion pictures.

CENSORSHIP-

Censorship comes within the jurisdiction of the 25 Cantons and half-Cantons comprising the Swiss Confederation, and statistics on censored films are not available for all Switzerland. The film rental agencies usually know in advance whether or not a certain film will be passed by the censor in the respective Cantons.

No figures on the number of rejected films are available. It is understood, however, that in 1936 only five films were prohibited in all the Cantons; of these, three were of a political nature, of Russian origin, and two were American gangster films. In the various Cantons the number of rejected films is considerably higher.

The censorship laws vary widely in the various Cantons; they are applied more liberally in the larger cities than in the rural Cantons.

COMPETITION-

The chief competitors of American films are German and French.

In 1935, 53 percent of the imported films, on the basis of titles, was of American origin.

As there is practically no domestic production of full-length films, Switzerland is dependent on foreign products. On the whole, American films are well received in this country. The political tendency of certain films produced by the Government-controlled film industry in Germany tends to encourage the importation of American films.

COPYRIGHT RELATIONS-

The convention adhered to on June 14, 1934, between the "Societe des Auteurs, Compositeurs et Editeurs de Musique," Paris, and representatives of Swiss cinemas, continues in force. The convention is retroactive to July 1, 1933.

PRODUCTION-

It is understood that three full-length films and a considerably larger number of short films were produced thus far in 1937.

The amount of capital invested by producing and distributing firms is not known. Up to now film producers have not been subsidized by the Government, though certain short educational and propaganda films have benefited indirectly from Government subsidies to organizations which sponsored their production.

Production facilities are adequate for short films only. Full-length feature films are produced usually in collaboration with foreign firms. Except for short films there is practically no films industry in Switzerland. The copying studios are suitable for production on a small scale only. There is no copying studio in Switzerland for full-length feature films.

The technique of the domestic short films compares favorably with that of American films.

There is no objection to American films dubbed in the native languages, and the predominant languages in Switzerland are German, French, and Italian.

TAXES-

Motion-picture enterprises are taxed on the same basis as other businesses. In some Cantons taxes are levied on income only, in others on capital only, while in certain Cantons taxes are levied on both income and capital. In addition, motion-picture theaters are subject to an amusement tax.

Distributors are subject to the same taxes as theaters. No taxes are imposed on imports apart from the regular duty.

THEATERS-

At present there are 354 motion-picture theaters in Switzerland. The combined seating capacity of these theaters is 133,000.

Admission prices are 1, 1.50, 2, and 3 francs, plus an amusement tax which varies in the different Cantons; the rate is usually 10 to 15 percent. Most of the tickets sold are in the 1.50 and 2 francs class.

Tastes of Swiss theatergoers differ in the various language sections of the country. It is therefore difficult to determine the preferences for any one type of film. Musical comedies, detective stories, and tales of adventure usually attract large audiences.

The yearly gross income of motion-picture theaters is approximately 28 million francs and the capital invested in motion-picture theaters is estimated at 34,500,000 francs.

SOUND-

There are 354 theaters wired for sound.

The prospects of selling American sound equipment in Switzerland are decidedly unfavorable. On the basis of an agreement between the German syndicate of manufacturers of such equipment and American interests, the Swiss market is closed to American products.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	977,017 ft.	\$22,684
Negative sound	---	---
1936 - Positive sound	1,186,872 ft.	\$22,188
Negative sound	1,380	\$138

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SYRIA

LEGISLATION-

There are no laws in Syria prohibiting foreign exchange or giving other countries preference over American films. However, it is the policy of the Mandatory authorities (French) to reject foreign-language talkies unless Arabic or French subtitles are fixed thereon. Although American companies are complying with this requirement and their productions are being admitted into the country, the measure appears to be considered vexatious and expensive.

CENSORSHIP-

A total of about 250 films were censored during 1937, of which only two, one French and one British, were rejected. Local censorship is generally not very strict; however, pictures offensive to religion or critical in any way of the French colonial and mandatory policy would unquestionably be rejected.

COMPETITION-

American films in Syria meet with no keen competition from either foreign or domestic production. Although no statistics are available, local film importers believe that the United States' share of the market reaches 70 percent. American films are generally well received provided they are dubbed in the French language.

COPYRIGHT RELATIONS-

The laws of Syria protect copyrights and protect foreign producers from piracy. In case of piracy the local distributor must secure a power of attorney from the film producer to enable him to register the film with the Office de la Propriete Commerciale at the French High Commission, Beirut, and subsequently bring an action in court.

PRODUCTION-

Only one domestic film "Dans les Ruines de Baalbeck," was produced by the Lumnar Film Company in 1936 and released during 1937. This picture was very poor, and no other domestic production is being contemplated. The Lumnar Film Company established in Beirut some 2 years ago is not very active - having no adequate production facilities and no knowledge of technique.

There would be no objection to American films being "dubbed" in Arabic; however, it is believed that technical difficulties would arise because of the guttural quality of the Arabic language.

Arabic is the language of the country, while Arabic and French are the official languages. The educated class and most business men in the larger cities speak French.

TAXES-

Motion-picture films are assessed the following duties and taxes:

<u>Customs:</u>	Silent pictures	138 Syrian piasters per kilo				
	Sound pictures	276	"	"	"	"

<u>Censorship:</u>	32 Syrian pts. per 100 linear meters of silent films
	25 " " " 100 linear meters of sound films

With regard to theaters, instead of the former 10 percent tax on the gross receipts, the Department of Finance collects as follows:

Syrian piasters 0.60 per seat (occupied or not) at every performance in first-class theaters;

0.30 per seat (occupied or not) at every performance in second-class theaters;

0.05 per seat (occupied or not) at every performance in third-class theaters.

(100 piasters equal 1 Syrian pound or 20 French francs). This tax is

assessed as follows:

In full during the months of January, February, March, April, May, November, and December. Two-thirds in June and October. None during July, August, and September.

THEATERS-

There are 39 theaters in Syria. Their total seating capacity is estimated at 21,500 and their average admission price at 20 Syrian piasters.

As might be expected, native audiences are divided into two classes: the educated and the uneducated. The first class in a general way has a taste similar to that of the higher European classes. A program usually consists of:

- a. Animated cartoon or educational film;
- b. News reel;
- c. Comedy of one or two reels;
- d. Feature, of a type preferred by French audiences.

The other class prefers serials and adventure pictures. The yearly gross income at theaters is estimated at 500,000 Syrian pounds.

SOUND-

All 39 theaters in Syria are wired for sound.

It does not appear that the number of theaters with sound equipment will increase in the near future, as theater receipts have dropped considerably as a result of the Syrian currency depreciation and the low entrance fees.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	412,044 ft.	\$6,930
Negative sound	---	---
1936 - Positive sound	534,103 ft.	\$6,870
Negative sound	---	---

* * *

TRINIDAD

LEGISLATION-

All theater proprietors have again, as in previous years, omitted to exhibit the required quota of British films, which is 15 percent. Only about 5 to 10 percent are British, largely news reels. The law is not actively enforced. Noncompliance is the result of a scarcity of superior British films and of their high cost.

Preferential customs duties favor films of British origin, the general tariff providing a duty of \$0.60 Trinidad currency per 100 feet as against \$0.30 for British films.

CENSORSHIP-

The Board of Censors, composed of 10 members, reviewed in 1936 a total of 1,000 subjects, aggregating 4,583 reels. Of these, 13 were rejected, deletions were made in 7, and 11 were permitted to be shown to adults only. The reasons for exceptions were: predominance of criminal acts, scenes and incidents offensive to religious and social sentiments, scenes of mob violence, excessive shooting scenes, acts of gross brutality, themes and scenes condoning and depicting immorality, and scenes showing activities of gangsters and crooks. The British ban on "horror" films has not been applied as they are not regarded as offensive, but they are passed only for adults. Hospital scenes are regarded as unwholesome. Censorship is especially strict at present against gangster films and scenes of violence, in view of recent labor disorders.

COMPETITION-

American films enjoy a practical monopoly of the market because of their superiority, availability, and relatively lower rentals. About 90 percent of all films shown are American, the rest being English or East Indian.

COPYRIGHT RELATIONS-

Same as United Kingdom.

PRODUCTION-

Three or four local news reels and shorts yearly.

A "film board" composed of local representatives of seven distributing companies, American and British, was formed in Port of Spain in July, 1937, for the purpose of regulating distribution and eliminating unfair competition

and practices. There is no government supervision aside from censorship, nor is there any subsidy.

TAXES-

There are no special taxes on theaters or on admissions. Exhibitors pay a censorship fee of \$1 for each reel of sound films up to 1,000 feet and 12 cents for each additional 100 feet or fraction thereof. This fee also applies to "trailers."

THEATERS-

There are now 21 theaters in the Crown Colony of Trinidad and Tobago, 2 of which have been completed within the past year, and 2 more will be in operation shortly. The total seating capacity of all 23 houses will be 16,600. Admission prices range from 12 to 72 cents, and the average is estimated to be 18 cents.

The types of pictures most in demand by local audiences are "action" films, particularly westerns, with musical comedies a close second. Films shown are from 6 months to 3 years old.

There are two shows daily at the principal theaters, at 4:30 and 8:30 p.m. The smaller houses have only night performances. Several theaters in Port of Spain show children's programs on Saturdays, the first performance at 9 a.m. and the second at 1 p.m., besides the regular matinee and evening programs. The usual daily program consists of one feature, one short, several trailers, and only occasionally a news reel. Double features are sometimes shown in first-run theaters, more habitually in second-run houses. Programs are changed on Saturdays, Tuesdays, and Thursdays.

SOUND-

There are 23 theaters wired for sound, but there is still a competitive market for more modern equipment and replacements. All sound equipment is American.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	2,339,740 ft.	\$33,721
Negative sound	2,198 ft.	\$31
1936 - Positive sound	1,372,193 ft.	\$20,839
Negative sound	1,532 ft.	\$19

* * *

TURKEY

LEGISLATION-

During the year under review no new legislation appeared particularly affecting the film market. As regards imports of films from the United States there is at present no exchange restriction, dollar exchange being made available to the importer after the films have been actually cleared from the customs and the duty paid. There is no legislation in existence which grants any preference to other countries over American films, nor at the present time is there any quota restriction either in existence or contemplated which might affect American films.

CENSORSHIP-

No data are available concerning the total number of films censored. However, all films imported for exhibition in Turkey are subject to censorship. During the first 10 months of 1937 three or four foreign films were cut and the exhibition of two films prohibited. One of the prohibited films was of American origin and was banned as showing certain Kurdish and Armenian scenes; the second film of German origin was held up as containing anti-Soviet tendencies which might wound the susceptibilities of the Soviet Government. A Japanese film was held up for some time but was eventually shown with deletions.

The censorship regulations were applied rather stringently in the case of news reels, particularly with regard to views having to do with the Spanish civil war and the Sino-Japanese conflict. A sort of "gentleman's agreement" on censorship was arrived at between the Turkish and Italian Governments designed to delete from films shown in either country any scenes likely to wound the national pride of the other nation. Similar "gentlemen's agreements" were later concluded between Turkey and the various Balkan States, Hungary, Austria, and Germany.

COMPETITION-

During the first 10 months of 1937 a total of 142 feature sound films were exhibited in Turkey. The country of origin of these films, together with comparative figures for the similar period of 1936, are shown below:

<u>Country of origin</u>	<u>1936</u>	<u>1937</u>
United States.....	56	81
France.....	27	30
Germany.....	22	21
Austria.....	2	5
Turkey.....	-	2
England.....	4	1

<u>Country of origin</u> (continued):	<u>1936</u>	<u>1937</u>
Russia.....	1	1
Egypt.....	-	1
	112	142

While definite figures are not available it is believed that the number of news reels shown during the period decreased somewhat, partly because of the rigid censorship being exercised on news reels, requiring the cutting of numerous views, and also by reason of the stress placed by the Government on the exhibition of short educational films.

Of the American films exhibited in Turkey during the past year, 17 were exhibited in the English version, while 58 were dubbed in French and 6 dubbed in Turkish. American films continue to lead in popularity, with an increasing number being shown in the English version (particularly Western and gangster pictures shown by the smaller houses). The preference of the general public is still, however, for pictures dubbed in French. Dubbing in Turkish still leaves much to be desired from all standpoints.

A number of very fine French pictures were shown during the year but had relatively little success in Turkey, as not having either sufficient action or musical attraction.

While the German operettas and musical films maintained their popularity, there was some decline in the popularity of ordinary talking pictures of German origin, with practically no original-version German films (other than musical films) being shown.

COPYRIGHT RELATIONS-

Turkey is not a signatory of the Berne Convention for the protection of artistic and literary rights, but the principal motion-picture exhibitors in the city of Istanbul have an agreement among themselves whereby they forego the exhibition of pirated films in competition with members of their group who have bought the Turkish rights to a film. It is said that the conditions of this agreement are strictly adhered to, and no case of infringement of membership rights has occurred during the past 7 years.

PRODUCTION-

The local production was confined to two feature films, neither of which enjoyed any particular success, and several news reels of local interest, notably films showing the army manoeuvres in Thrace and the Izmir area. These latter films were shown as news reels in programs with feature films.

TAXES-

Taxes in Turkey are considered as being rather high.

THEATERS-

It is estimated that there are about 121 cinema theaters in Turkey. No new theaters were constructed during the year, although considerable progress was made in improving the equipment and installation of existing theaters. It is believed that there has been a distinct tendency with many theater owners to install new American sound equipment.

In the interior, there are a number of small cinema houses not equipped for sound. It is extremely difficult to estimate the number of these theaters, as they are frequently opened in rather primitive quarters and may not remain in operation long.

However, the average number of such theaters usually operating probably does not exceed 25 or 30.

Attendance at the motion-picture theaters was well maintained with the exception of the seasonal dullness of the summer months. The drop in summer attendance was more marked than usual during the past year, because of the lowering of taxes on foreign artists appearing here. This gave an impetus to open air-variety shows and concerts, with a consequent effect on summer cinema attendance, which at best is small.

SOUND-

Approximately 100 theaters in Turkey are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	978,712 ft.	\$25,035
Negative sound	---	---
1936 - Positive sound	841,122 ft.	\$20,770
Negative sound	---	---

* * *

UNION OF SOVIET SOCIALIST REPUBLICS

LEGISLATION-

Soviet laws prohibit the importation into and the exportation from the U. S. S. R. of Soviet currency. State financial organs are the only authorized

institutions in the Soviet Union through which foreign exchange transactions may be effected. Soviet banks readily purchase foreign moneys for rubles, but it is not their practice to sell foreign moneys for rubles. The purchase of foreign currency with rubles can be effected only by special permission of the People's Commissariat for Finance, which issues the necessary permits in exceptional cases only.

It may be assumed, however, that any Soviet organization which is permitted to make purchases abroad can make the necessary arrangements to pay for the purchases.

There are no laws giving other countries preference over American films, nor are there any quota or contingent laws directly used to regulate imports into the Soviet Union. Imports are controlled through the State foreign-trade monopoly, which permits imports to be made only by certain authorized organizations, almost all of which operate under the supervision of the People's Commissariat for Foreign Trade of the U. S. S. R. The only organization authorized to import films is the INTORGKINO (The All-Union Combine for the Export and Import of Motion Picture Films, Photo-Chemicals, and Motion-Picture Equipment), Maly Gnezdnikovski Pereulok 7, Moscow. INTORGKINO is one of the few combines engaged in foreign trade not under the supervision of the People's Commissariat for Foreign Trade. It is subordinated to the Chief Administration of the Motion Picture and Photo Industry of the U. S. S. R. and may import films only within the limits of approved plans.

It is apparent from observation of films made available to the Soviet public that foreign films are not generally imported.

Information is not available concerning any possible changes in policies affecting imports of foreign films.

CENSORSHIP-

All films shown to the Soviet public are censored. The censorship problem is simplified, however, because all domestic films are made by studios which are owned and operated by the State.

It is understood that certain foreign films are shown privately to members of the film industry for technical reasons or with a view to their possible purchase for showing to the public.

Censorship is very strict. All foreign as well as domestic films are carefully examined for their social, political, and economic significance.

COMPETITION-

Since almost all films shown to the public in the Soviet Union are of

domestic production, and since the limited number of foreign films shown are apparently chosen because of their social, political, or economic content, competition does not play a large role in their selection. Because of their novelty and technique, the very few American and other foreign films shown have generally been very well received.

COPYRIGHT RELATIONS-

The Soviet Government is not a party to the Convention for the Protection of Industrial Property signed at Paris on December 20, 1888, or to any of the revisions of that Convention, or to any international copyright agreements. Therefore, the protection afforded in countries having such agreements does not exist in the Soviet Union. As far as can be ascertained, however, no attempts have as yet been made in the Soviet Union to copy foreign films.

PRODUCTION-

In 1936, 47 sound films and 240 scientific-technical films were produced. According to plans, 60 sound films are to be produced in 1937, of which 17 were completed in the first 6 months.

Production facilities are not generally considered to be adequate to supply domestic requirements and present facilities are not being fully utilized. The Soviet motion-picture industry is financed primarily out of the State budget, which makes direct contributions to the industry in the amount of 50 percent of approved expansion programs; the balance is paid by the industry itself from its receipts. The industry's revenues from its own productions are believed to be considerable, although accurate information is not available. As the industry is a State monopoly, its resources, at least in theory, are practically unlimited.

The total investment in the production branch of the Soviet motion-picture industry as of 1936 is estimated to have been 51,000,000 rubles.

There is no objection to American films "dubbed" into Russian. The films which have been purchased in the United States have been "dubbed" in Moscow.

Russian is the predominant language of the country, and apparently all "dubbing" is done in Moscow.

TAXES-

The motion-picture producing and distributing companies are exempt from all except income taxes. Motion-picture theaters, however, are required to pay a turnover tax and a local tax, which together amount to about 35 percent of their revenue. As all of the foregoing are owned and operated by the State,

the payment of taxes amounts, eventually, to the making of the proper ledger entires.

Imported films are assessed customs duties in the amount of 100 percent of the value of the film. Because of the censorship, however, and the peculiarities of the State foreign-trade monopoly, the customs duty, which is usually paid by the importer, does not act as a deterrent to the importation of foreign films. The importation of foreign films is determined more by foreign-trade policies and the film's theme than by customs duties.

THEATERS-

The total number of motion picture establishments in the Soviet Union is reported to be about 26,000. The average seating capacity is believed to be about 500. It is not possible to give accurate figures for the total seating capacity, as many of the 26,000 motion-picture installations are portable. The average admission price at these theaters is about 2.50 rubles. Adventure, historic, and comedy films are best liked by native audiences.

SOUND-

The total number of theaters wired for the showing of sound films at the present time is reported to be 6,337.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	37,579 ft.	\$686
Negative sound	13,736 ft.	\$412
1936 - Positive sound	31,441 ft.	\$766
Negtative sound	35,699 ft.	\$2,133

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UNITED KINGDOM

LEGISLATION-

There are no laws prohibiting foreign exchange of currency in Great Britain except the Quota Laws, giving preference to British pictures. According to the Board of Trade, the year ended September 30, 1936, showed the highest quota figure ever reached, 29.4 percent of the features shown being British. This is the highest percentage of British films of any year since the passing of the Quota Act.

The Cinematograph Films Act, 1927, which provided for an increasing quota of British films, is now in its last year, terminating on March 31,

1938, for renters' quota and on September 30, 1938, for exhibitors' quota. For the last 3 years, i.e., years ending March (renters) and September (exhibitors) 1936, 1937, and 1938, the quota of British films has been 20 percent of all films shown - equivalent to 25 percent of films imported. During the present year the Government has given consideration to further quota legislation which has been introduced in order to continue the quota for a further period of 10 years. In preparing this scheme all sections of the trade have been consulted and the Government's intention has been indicated in a White Paper.

A perusal of the new film quota legislation now introduced in Parliament more or less reveals the intent of the new law, which changes radically the legislation now in existence.

The Films Bill provides that renters of films must acquire, and exhibitors must show, a certain proportion of British films annually for the next 10 years.

It also introduces, for the first time, a separate quota for short films - "quickies."

With regard to the renters' quota, a quality test is proposed for British films.

British long films, on which at least 1£ per foot, with a minimum of £7,500, has been expended in labor costs, will qualify for registration automatically.

Subject to the approval of Parliament, the Board of Trade may vary by 25 percent the minimum sum to be expended in labor costs on a British quota film.

The first schedule to the bill provides for a gradual increase in the amount of the quotas on both long and short films over the next 10 years.

The renters' quota on long films increases by stages from 15 to 30 percent, and on short films from 10 to 20 percent. The exhibitors' quota on long films increases by stages from 10 to 25 percent, and on short films from 5 to 15 percent.

One clause will continue the requirement of the 1927 act that not less than 75 percent of the labor costs of a British film, excluding payments to one foreigner, must have been paid to British subjects or persons domiciled within the British Empire.

There will be no charge on the Exchequer for the quota system. Expenses of administration are to be met by fees from renters and the exhibitors' licenses and from the registration of films.

The proposals in the Cinematograph Film Bill for a cost test for British quota films was amended in the Standing Committee to substitute a quality test in place of the cost test and was rejected by the committee. The clause containing the provisions for a cost test was still under consideration when the committees adjourned until February 3, 1938. Some time before adjournment the Standing Committee approved an amendment providing the set-up of an Advisory Films Council of 21 persons.

Numerous amendments have been made and suggested to the Parliamentary Committee hearing the New Films Bill. Many have been rejected, while others have been adopted. All of these amendments, together with the remainder of the bill, must of course be subsequently approved by the British Parliament.

CENSORSHIP-

According to the "Review of Censorship" issued by the British Board of Film Censors, only 8 total rejections were made, the grounds for which are not specified, and 2,416 films were reviewed and passed during the year.

Censorship as a whole is fair and reasonable. It is not applied arbitrarily, and the British Board of Film Censors have a system under which they read - if it be so desired - the scripts in advance and advise on scenes, situations, etc., which would probably be unacceptable in a finished film, often making suggestions for meeting the difficulty. This service has been found very helpful. Of censorship, it is interesting to note the following developments.

Some time ago, at the suggestion of a previous Home Secretary, a committee was set up, as the Film Censorship Consultative Committee, under the chairmanship of Sir Cecil Levita, and its function was to advise the Home Office on any matter of film censorship. One effect of a report from this committee was the introduction of a classification for horror pictures. "Horror" pictures are pictures which may not be seen by children, whether accompanied by an adult or not. Only a few each year are placed in this category.

The Home Office has now decided to set up a Consultative Committee under the 1909 act, and one function of this committee will be to advise on censorship, thereby continuing the work of the previous unofficial Consultative Committee, which, it is presumed, will cease automatically to function. This new committee will have an official capacity. It has to be remembered, however, that in England neither the committee nor the Home Office can dictate what films may or may not be shown - this being a function of the local Licensing Authorities imposed upon them by the 1909 Act. In practice, the Licensing Authorities usually take any advice given by the Home Office, and the great majority accept without question the ruling of the Board.

Films rejected by the censors are sometimes seen specially by the local

authorities, when the rejection is either confirmed or the picture is permitted to be shown - usually with special conditions. The London County Council and three other councils in the Greater London area form a joint committee for this purpose of special inspection where necessary. Representatives of this committee each report back to their own councils, and, quite frequently, the decisions taken by the four councils may differ from each other.

COMPETITION-

British films form practically the only competition to American films in the United Kingdom. Except for special theaters specializing in foreign films, these have been comparatively rarely seen in England since the introduction of "talkies." As stated above, in the year ended September 30, 1936, exhibitors showed the highest percentage of British films of any year since the passing of the Quota Act. The percentage was 27.4 of all films (long or short) and 29.4 of "feature" films. The table below shows how the figures compare with those of previous years:

<u>Year</u>	<u>Quota Percent</u>	<u>Actually Shown Percent</u>
1931	7½	17.83
1932	10	21.6
1933	12½	23.7
1934	15	26.1
1935	15	25.5
1936	20	27.4

American films are very well received. British films of equal merit are preferred in some districts, while in many sections of the United Kingdom American films from the United States are in greater demand than any other British second, German and French, in the order listed. In some parts, however, as for instance, in certain towns in Scotland, and working-class areas in the east end of London, British films are not so well received, and only American films are in demand.

The British film industry, paradoxical as it may seem, mirrors a controversy between improper and domestic producer. The cinema-visiting public demands an endless stream of American films, which theorists, national reformers, Government officials, and British producers are striving by every possible means to retard because of their natural desire to increase the number of English-produced pictures by restrictive policy on the importation of American films. The well-worn argument based on propaganda for the support of national cultural objectives seeks a foundation in development of domestic (British) film production to prevent the Americanization of the public taste in all things - trade and manners as well as films.

The all-prevailing popularity of American pictures, which continually have to struggle against quota restrictions, was recently exemplified by an action in court which showed how many of the British-made films forced on exhibitors have been shown off the regular program schedule in order to fulfill the requirements of showing a certain percentage of British-made "quickies."

COPYRIGHT RELATIONS-

Copyright Ordinance of 1911 as amended. Great Britain entered into copyright relations with the United States on July 1, 1891; extended April 9, 1910; further extended January 1, 1915. Great Britain is a member of the International Copyright Union at Berne.

PRODUCTION-

British production for the 12 months of 1937 totaled 225 "feature" films. Comparative figures for the entire year of 1936 are listed below.

Films Registered in the United Kingdom

<u>1936</u>	<u>Long</u>	<u>Short</u>	<u>Total</u>
British.....	222	196	418
Foreign.....			
American.....	492	608	1,100
Other.....	<u>38</u>	<u>4</u>	<u>42</u>
Total	752	808	1,560
 <u>1937</u>			
British.....	225	211	436
Foreign.....	<u>571</u>	<u>562</u>	<u>1,133</u>
Total.....	796	773	1,569

Production facilities in Great Britain are excellent in proportion to the market requirement for British films. The industry was well financed through public promotion, but has suffered a setback in this respect as a result of certain failures of production enterprises.

TAXES-

Taxation is moderate, and an Entertainment Tax is imposed on theaters. There is no tax on distribution.

THEATERS-

The approximate number of theaters in Great Britain is 5,000.

The types of films most popular in Great Britain are historical dramas and comedies.

SOUND-

All of the 5,000 theaters in Great Britain are wired for sound. New theaters are being erected at the rate of, roughly, 200 per year, all being wired for sound. An American electric company, established in England, does 75 percent of this business, importing 50 percent of the required equipment, while 25 percent is of British manufacture. German firms do a possible 15 percent, and the remainder is scattered among other countries.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	15,432,385 ft.	\$396,627
Negative sound	1,494,500 ft.	\$63,944
1936 - Positive sound	16,210,307 ft.	\$443,462
Negative sound	1,861,082 ft.	\$81,569

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URUGUAY

LEGISLATION-

Control of foreign exchange is in force in Uruguay; allotments of such exchange are made every quarter by a special commission set up for that purpose. Allotments to the United States since January 1936 have been ample to permit all imports of motion-picture films. The motion-picture industry has experienced little difficulty in the matter of securing foreign exchange so far during 1937, but there is some doubt concerning the adequacy of the probable allotment for the fourth quarter.

There are no quota laws on films themselves; nor is any legislation in effect which would favor either the importation or exhibition of other films at the expense of American ones.

CENSORSHIP-

There is no censorship as such. Films which offend public decency or the feelings of a friendly nation may be banned or cut by the police, acting on a specific complaint. Action by the police on their own initiative, how-

ever, does not take place. The only censorship during the first 9 months of 1937 was the cutting of a very small part of an American film offensive to a third country.

All films, however, are examined by a Children's Board (Consejo del Nino) under the Ministry of Public Instruction. Pictures which this board finds unsuited to children are so marked, and theaters may not permit children under 10 years of age to see them.

COMPETITION-

Of the feature motion pictures exhibited in Uruguay, 80 percent are American. The remaining 20 percent is made up of pictures from the following countries in order of importance: Argentina, Great Britain, France, and Germany.

American films are well received and generally preferred to British productions. In the smaller neighborhood theaters, however, Argentine films are greatly preferred. Argentine pictures are also given their first run in the large theaters, and, although they attract a large attendance, the audience is of a different type from that attending the American ones.

COPYRIGHT RELATIONS-

The American Copyright Convention agreed upon at Buenos Aires on August 11, 1910, and ratified July 13, 1914, governs copyright conditions.

PRODUCTION-

One film was produced during 1937 by a loosely-formed group which made it as an experiment. Although this picture received an extremely poor reception by the press, it was seen by a large number of people, principally from curiosity. It was not considered a good picture from a technical point of view. Another film is now in production, with no available information concerning the probable date of its release.

TAXES-

The only taxation applied specifically to motion pictures is a 6 percent municipal tax on admissions. The import duty is 52 percent on a fixed valuation of 5 pesos per kilogram, 25 percent of which duty must be paid in gold; this raises the percentage paid in paper currency to about 80 percent. At the current rate of exchange the total duty thus amounts approximately to U. S. \$5 per 1,000 feet.

THEATERS-

There are 75 motion-picture theaters in Montevideo, with 43,400 seats. It is difficult to make any estimate for the rest of the country, but at least 50 and not more than 100 theaters exist; in addition, Sunday showings on an irregular basis are made in small towns for a paid admission.

The average admission price in Montevideo for first-run theaters is 1 peso, or U. S. \$0.60. The average price for second-class theaters in Montevideo and all theaters outside the capital is 0.35 peso, or U. S. \$0.20. The native audiences which attend the 35-centesimos theaters definitely prefer Argentine or other Spanish-speaking films.

SOUND-

All the 75 theaters in Montevideo are wired for sound, and it is believed that very few outside of Montevideo are without sound equipment.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,393,452 ft.	\$68,095
Negative sound	11,553 ft.	\$160
1936 - Positive sound	3,032,262 ft.	\$53,647
Negative sound	7,129 ft.	\$124

* * *

VENEZUELA

LEGISLATION-

There are no quota or contingent laws, duties, etc., prejudicial to the interests of American films in Venezuela, nor is there any agitation adverse to American films. On the contrary, American films are generally preferred by the public.

CENSORSHIP-

There is no national censorship law in Venezuela. Pictures are supposed to be censored in each State in which they are released, but generally the original censoring in Caracas is sufficient. As a rule, the censorship is not strict so far as morality is concerned, but more so regarding communistic propaganda. Very few, if any, films are refused censorship, and distributors generally cut out voluntarily any possibly vulnerable parts of their films.

COMPETITION-

Seventy-five percent of the motion pictures shown in Venezuela are American. The remaining 25 percent is distributed among the following countries: Mexico, Argentina, Spain, Germany, and France.

COPYRIGHT RELATIONS-

American productions enjoy the same copyright protection in Venezuela as local productions, in the absence of a specific copyright treaty with the United States, and in accordance with the provisions of the 1928 Pan American Code of Private International Law, especially articles 1 and 115 of the latter (Venezuelan Official Gazette, Extraordinary Number of April 9, 1932).

The Venezuelan copyright law (Official Gazette of August 12, 1928) makes provision for the copyrighting of motion pictures along with other "intellectual property." Such copyright is valid for a period of 10 years. The producer or editor must indicate on each copy the commercial signature of the company, the year of publication, and whether or not registered. For registration the Register of Copyrights must be supplied with the following data: (a) Name, calling, and address of soliciting party; (b) nationality of latter; (c) title of work; (d) class to which it belongs; (e) name, calling, and address of author or translator; (f) nationality of latter; (g) name, calling, and address of proprietor; (h) nationality of latter; (i) establishment where the impression or reproduction has been made and the procedure employed therefor; (j) place and date of first publication; (k) edition and number of copies; (l) format of the work; (m) size and all other pertinent data for the identification of the work. Five copies must be deposited with the Government.

Article 180 of the same law provides that in copyrighting motion pictures of domestic origin, the registrar of copyrights need only be supplied with: (1) names of artists; (2) title of manuscript of play; (3) place and date of production; (4) a copy of the first and last scenes of each of the parts making up the film.

PRODUCTION-

There is no regular production of motion pictures in Venezuela. There are a few small enterprises making occasional travelogues and news reels, particularly the Laboratorio Nacional in Maracay and Caracas.

TAXES-

There is a Federal amusement tax based upon the number of seats in the theater. Each State may also impose additional direct admission taxes. In Caracas and the Federal District, where all new pictures are first released, a new tax of 10 percent has been levied on the value of entrance

tickets, entering into effect on November 1, 1936.

In the new Venezuelan Customs Tariff Law which became effective on October 23, 1936, the import duties on printed cinematographic films were increased from 1.9569 to 2.60 bolivares per gross kilogram. Rates on unprinted films remained approximately the same, while projectors and accessories were increased from 1.9569 bolivares per gross kilogram.

THEATERS-

There are approximately 111 theaters operating in Venezuela.

SOUND-

All 111 theaters are wired for sound.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	3,620,238 ft.	\$74,856
Negative sound	45,286 ft.	\$734
1936 - Positive sound	2,635,701 ft.	\$52,230
Negative sound	34,353 ft.	\$1,219

* * *

YUGOSLAVIA

LEGISLATION-

Under the regulations prescribed by the Minister of Commerce and Industry of Yugoslavia, the management and control of production, import, and trade in motion pictures in Yugoslavia has been placed in the hands of a State Film Central, whose duties include the sponsoring of domestic production and the aiding of educational efforts and propaganda for picture of cultural value.

There are no legal restrictions on the import of foreign films into Yugoslavia. The import of films is entirely free and unrestricted as regards number, and no preference is given to any country, company, or individual. There is no distinction whatever as to country of origin.

Registration fees are collected by the Central as follows: (a) For pictures of foreign origin for amusement, as well as for advertising all films, an amount corresponding to one-half of the censor fees; (b) for all cultural pictures and domestic pictures, one-fourth of the censor fee. In effect, registration fees amount to approximately \$8 for each American feature brought

2670

on the Yugoslav market.

Theaters are obliged to show at every performance one or more films of a cultural nature. They must show domestic pictures equaling in length at least 5 percent of the total length of programs shown quarterly. For theaters giving daily shows and changing programs less than six times monthly, this percentage is increased to 10. To ascertain whether these obligations have been fully complied with, the Central issues forms which must be returned for each performance. For these forms 1 dinar is charged.

For the purpose of control over the importation of and the traffic in films, film enterprises are required to submit for registration and confirmation the original agreements and the invoices covering films purchased abroad. The registration of such agreements will be made by the State Film Central on special forms issued for that purpose. Film enterprises must submit the above forms containing a brief summary of the agreements, together with the original agreements. Each form must bear the seal and responsible signature of the enterprise. The State Film Central keeps these forms in its files for checking purposes.

The State Film Central collects for these forms 25 dinars each for films up to 60 meters in length, and 50 dinars each for films exceeding that length.

CENSORSHIP-

During the year 1936, 870 films were submitted for registration and censorship in Yugoslavia; 786 of these films were foreign and 84 domestic.

During the same period 5 foreign films were banned for public showing, of which one was American. This was a short 38-meter film dealing with the revolution in Spain, and was rejected for political reasons.

The Yugoslav censorship of motion-picture films is, for political reasons, very strict. This censorship is in the hands of the Ministry of Commerce and Industry, control of the State Film Central having been transferred to that Ministry.

COMPETITION-

Approximately 57 percent of the films shown are American. The remainder is divided among German, French, Austrian, British, Czechoslovak, and Russian films in the order given. Local production is of no importance.

American pictures are very popular with the public in most parts of the Kingdom, and the official attitude toward them is favorable.

COPYRIGHT RELATIONS-

There are no copyright relations with the United States.

PRODUCTION-

During 1936, 84 motion pictures were produced in Yugoslavia, of which 74 were sound and 10 were silent. These were short films, mostly cultural, educational, and advertising. Production of feature films has thus far been unsuccessful.

The production facilities are inadequate. The existing companies are small, poorly organized, and inadequately financed. Under such conditions they are unable to do any serious work and are confined to the production of short cultural and advertising films only. It is believed that most of the existing companies will eventually be forced out of business.

To assist the promotion of domestic production in accordance with article 3 of the law for the regulation of film traffic, the Minister of Commerce and Industry is authorized to render financial assistance to domestic motion-picture industry from the income derived from: (1) Fines imposed on motion-picture theaters for violation of the provisions of article 9 of the law for the regulation of film traffic; (2) sales of form No. 1 controlling the showing of educational and domestic films; (3) sales of forms Nos. 3 and 4 for the registration and control of the contracts and invoices exchanged between film importers and foreign producers; (4) supplementary income provided if required. However, it may be stated that the Government so far has not done much toward the promotion of the domestic industry.

As regards "dubbing" it may be stated that there would not be any objection to American films "dubbed" in the native language.

The predominant language of the country is Serbo-Croatian.

Foreign films are not required to be "dubbed" in the country in which they are shown.

TAXES-

According to the Taxation Law, the cinema theaters pay a State tax amounting to 20 percent of the full value of each ticket sold; the municipal tax is fixed at 50 percent of the State tax, and other autonomous taxes assessed range up to 40 percent of the State tax. The total taxation on cinema tickets approximates 31.80 percent of the sale price. In addition, a tax of 1 dinar per ticket is assessed on cinema tickets in cities where there are National Theaters.

A censor tax is assessed on films imported or produced in the country, as follows: (1) On cultural films, 1.50 dinars per meter; (2) on other films, 3 dinars per meter. Films produced in the country pay one-half of the above taxes until the expiration of the term of 10 years, following which, presumably, they will be taxed as are imported films.

For the examination of films, either foreign or domestic, there is a fee of 0.45 dinar per meter, and for other expenses, 0.10 dinar per meter, aggregating 0.55 dinar per meter.

The import duty on motion-picture films imported into Yugoslavia is: Tariff No. 418.1-b, - Films for cinemas, whether exposed or not - maximum rate, - 325 gold dinars per 100 kilograms; minimum rate, - 250 gold dinars per 100 kilograms.

The above rates, although assessed in gold dinars, are collected in paper dinars at the rate of 12 paper dinars to 1 gold dinar. American films, if accompanied by certificates of origin, are entitled to the minimum rate.

THEATERS-

There are 349 theaters in Yugoslavia, with a total seating capacity of 105,924.

The admission price ranges from 2 to 25 dinars, and musical comedies are the favorite type of pictures, followed by operettas, etc.

The yearly gross income at theaters is around 120,000,000 dinars (\$2,500,000).

SOUND-

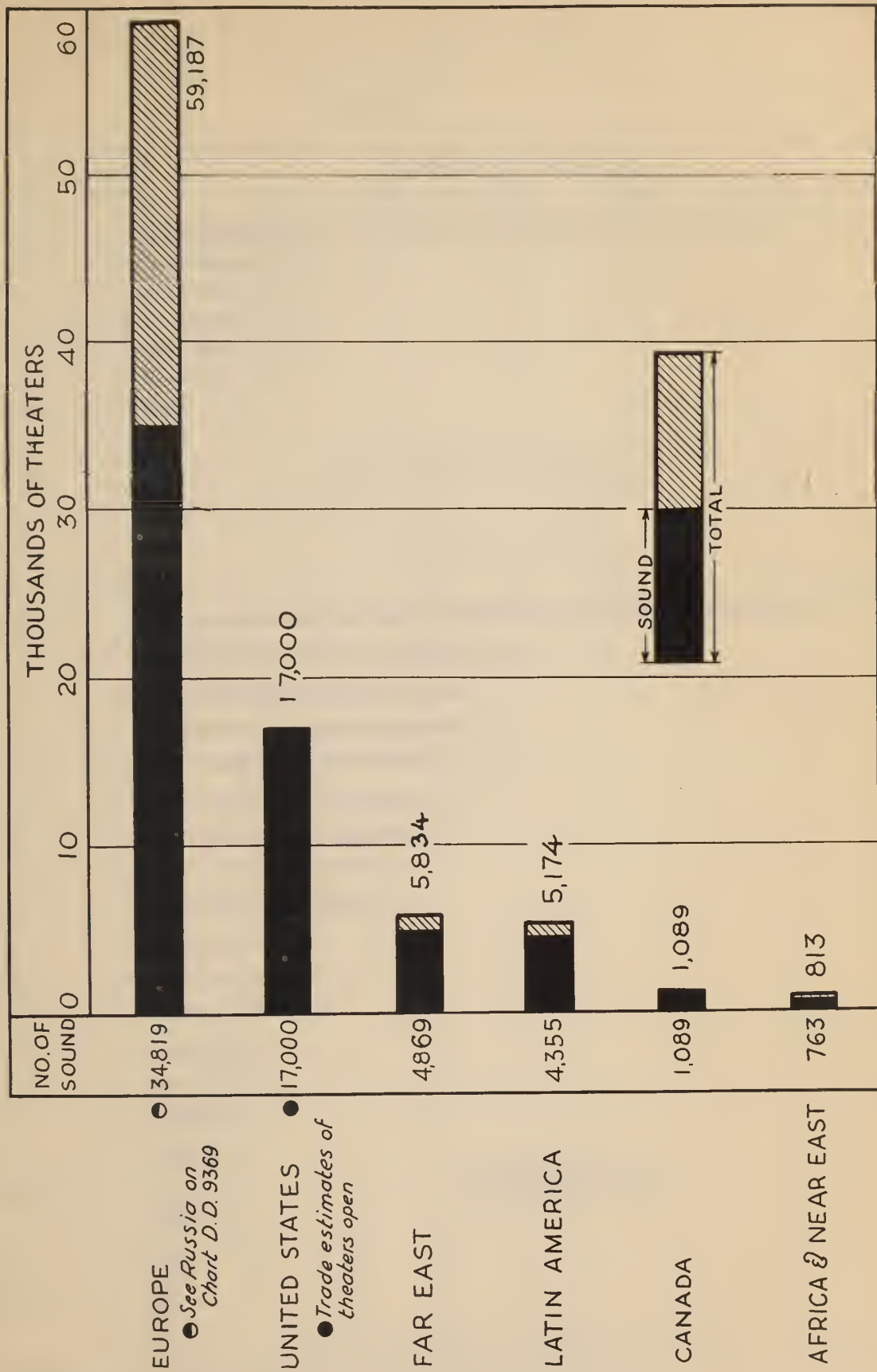
There are 301 theaters wired for sound, and at present there are no prospects for selling sound equipment in Yugoslavia, inasmuch as the more prosperous theaters are already equipped and the silent theaters are located in small villages and are not in a position to invest sufficient money.

IMPORTS FROM THE UNITED STATES-

1937 - Positive sound	929,538 ft.	\$22,156
Negative sound	---	---
1936 - Positive sound	865,022 ft.	\$17,049
Negative sound	---	---

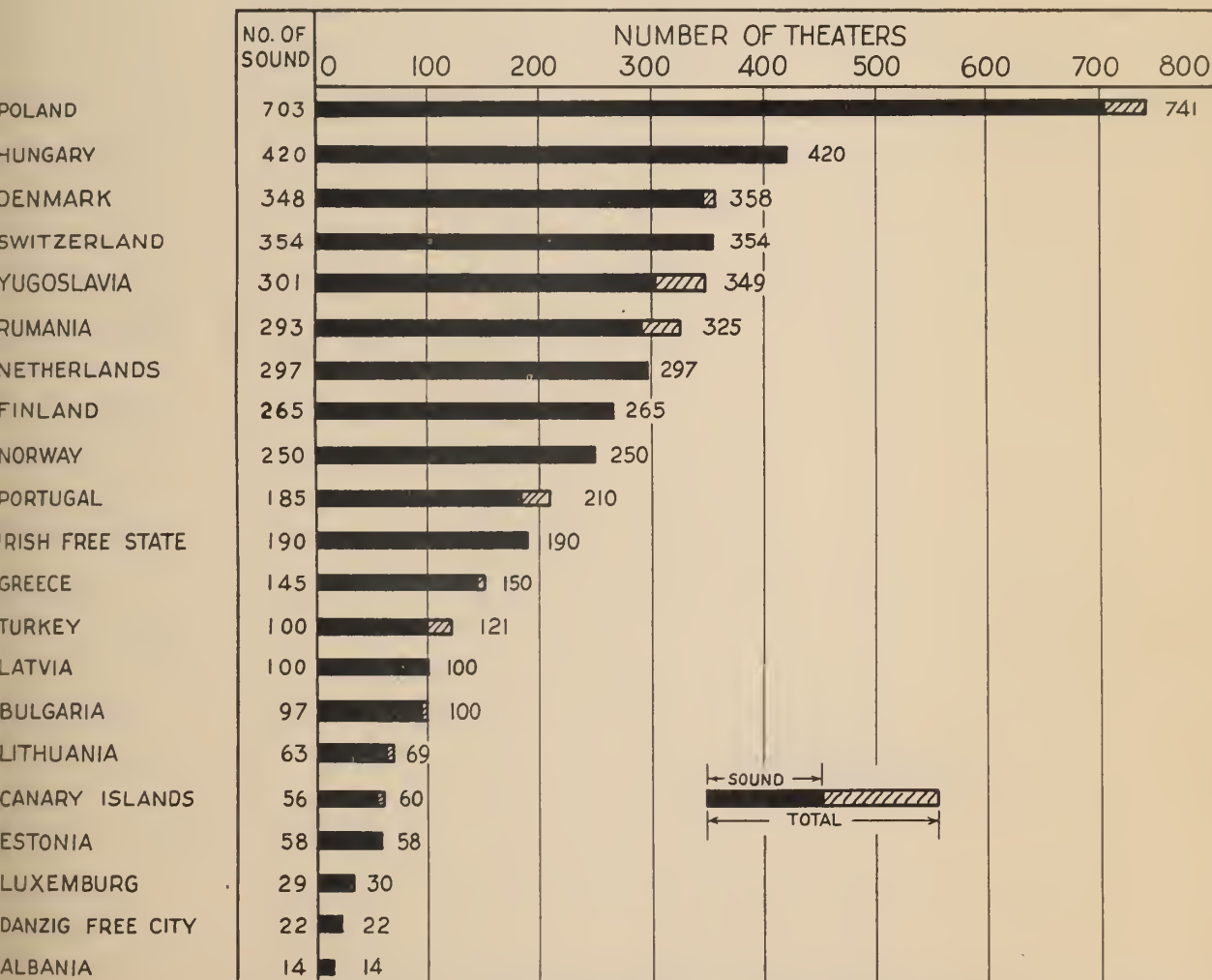
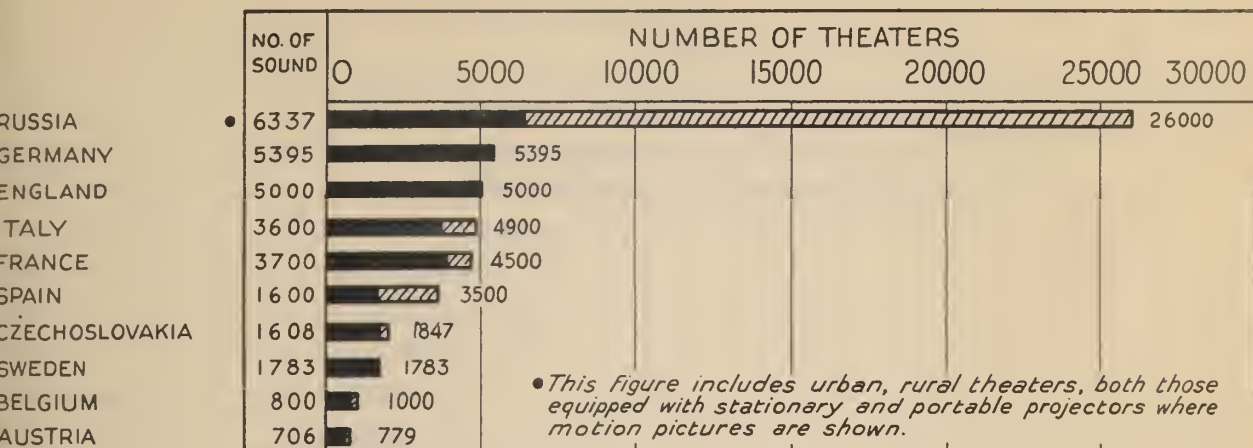
MOTION PICTURE THEATERS THROUGHOUT THE WORLD

1937





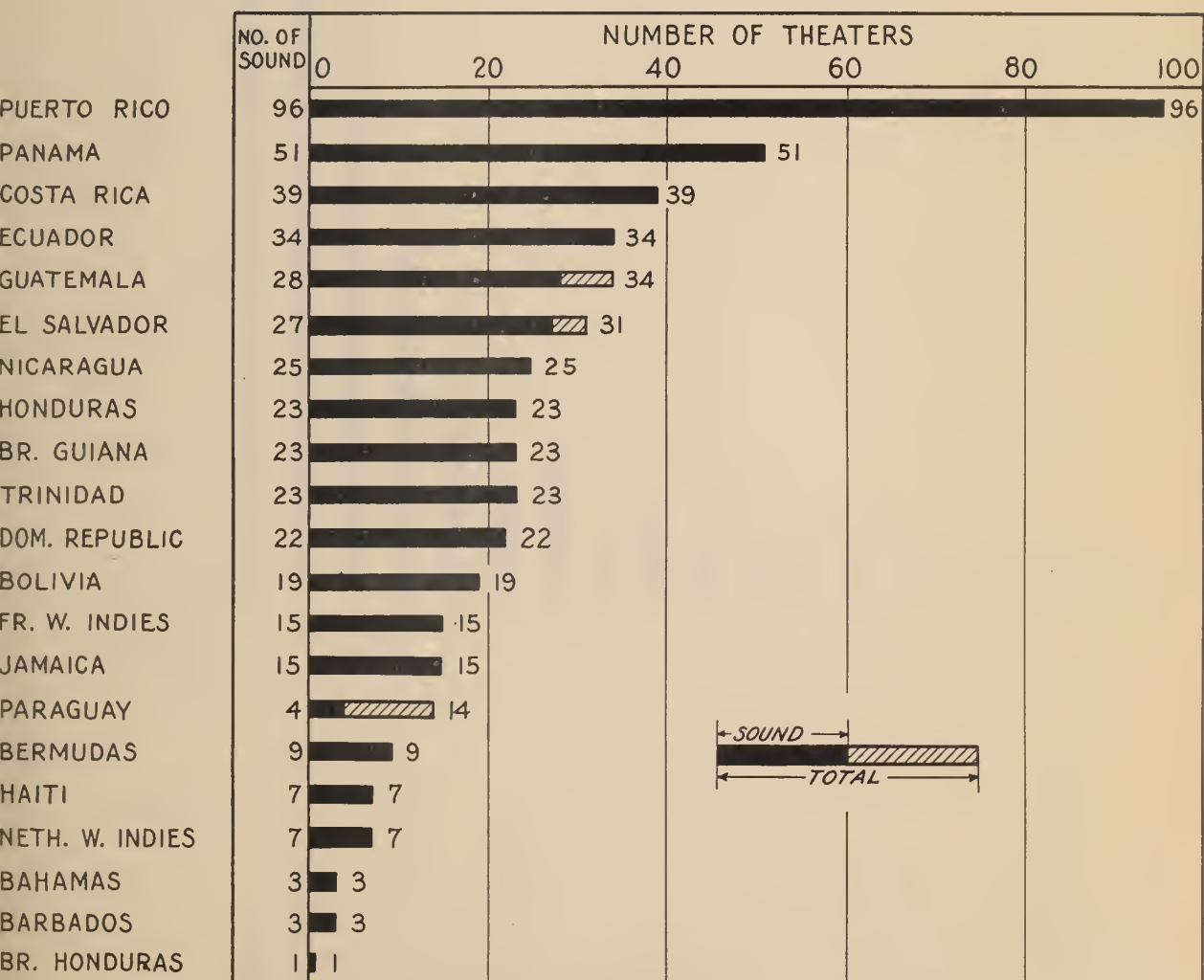
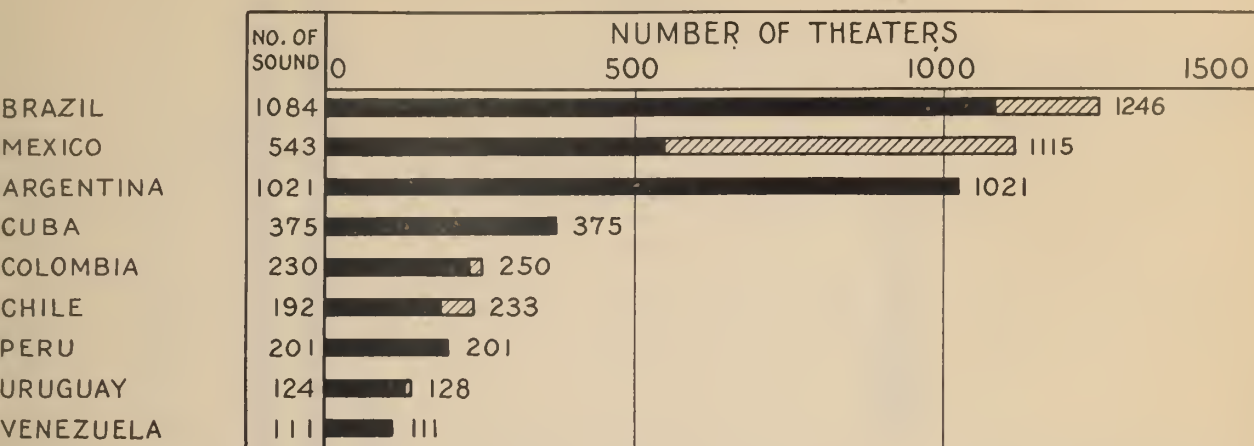
MOTION PICTURE THEATERS IN EUROPE 1937



Bureau of Foreign & Domestic Commerce

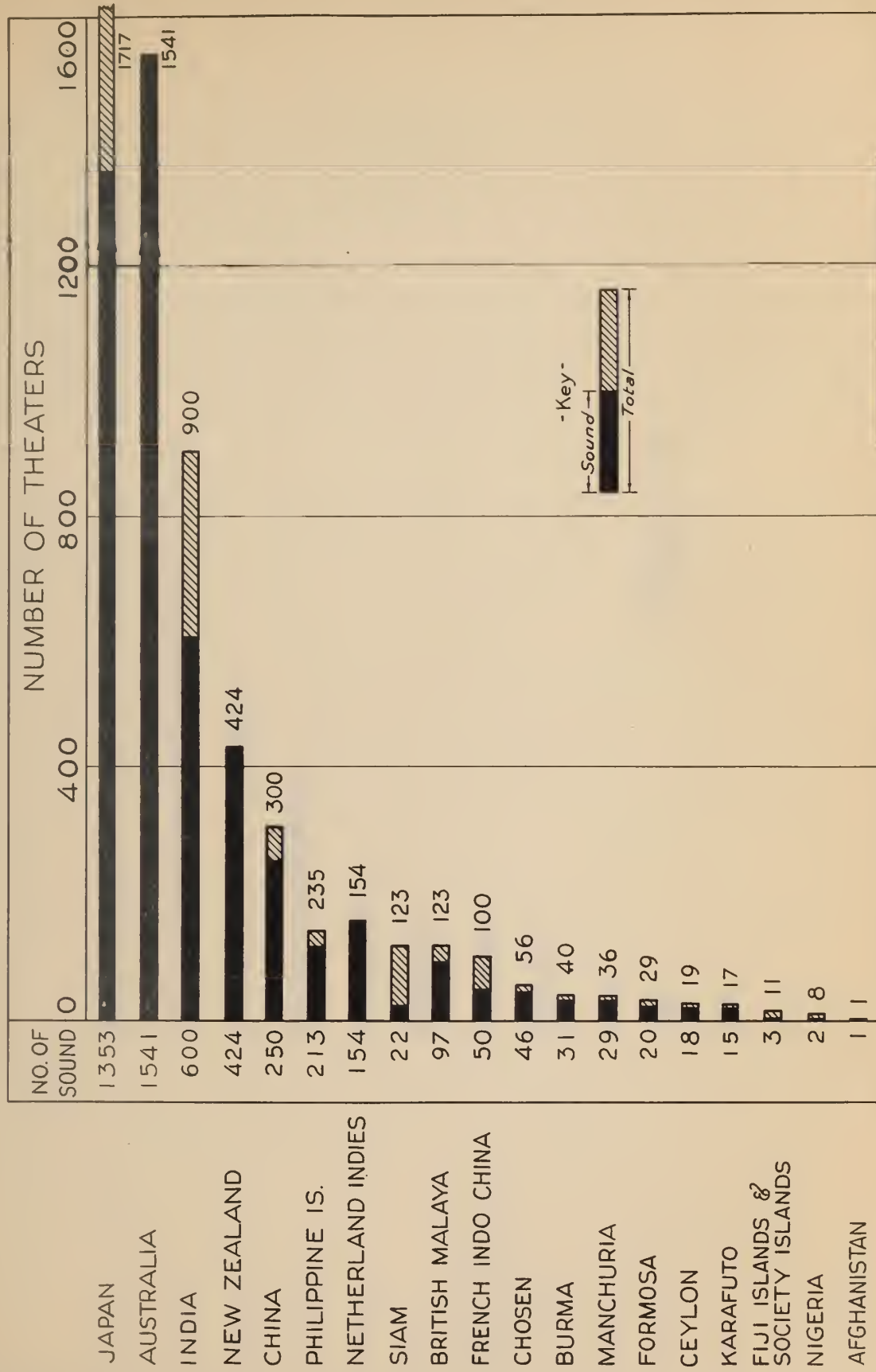
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MOTION PICTURE THEATERS IN LATIN AMERICA 1937



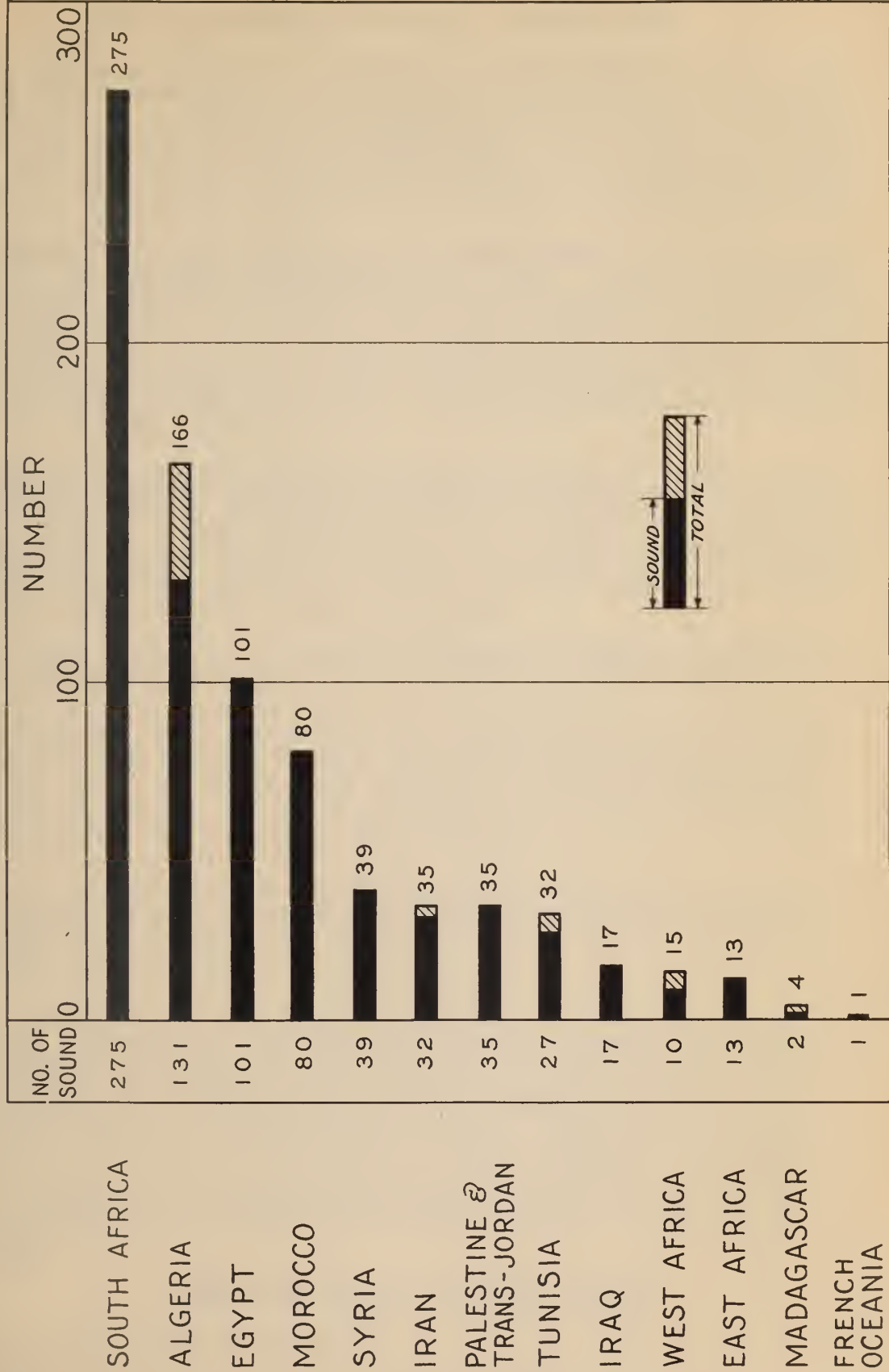
MOTION PICTURE THEATERS IN THE FAR EAST

1937





MOTION PICTURE THEATERS IN AFRICA AND THE NEAR EAST ~1937.



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2. In a few instances, such as arranging sales outlets abroad, where the information or service required is of specific and exclusive interest to you alone, your interests may be best served by writing the appropriate foreign field offices direct.*
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Exhaust Home Sources of Information First

*See list of offices on other side.

Publications of the Motion Picture Division

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Twice a month the Division releases a foreign market bulletin covering some important phase of the motion-picture situation abroad. This bulletin may cover one or more foreign markets and is based on reports received in the Division from foreign offices of the Department. The subscription price is \$1.00 per year.

Current Releases of Nontheatrical Films and Film Notes.

This service started in December 1932. As its name implies, it consists of news notes covering nontheatrical film developments in all countries, with a list of industrial and educational films (together with supplementary data on these) released by film producers during the preceding month. This bulletin is issued once a month, and should be of great value to all users of non-theatrical films. The yearly subscription rate for this service is \$1.00.

World Wide Motion Picture Developments.

Contains news items relating to motion-picture developments abroad. This service is free, but it is confined almost exclusively to the trade and lay press, which republishes the items.

Statistical Service.

The Division's statistical service consists of a single statement, No. 4700. This statement shows exports to all countries of motion-picture films, sensitized, not exposed; negatives; positives; other sensitized films, not exposed; motion picture cameras (standard and substandard); projectors (standard and substandard); motion picture sound equipment, projection arc lamps. These statements are issued each month and the price is \$1.00 per year.

UNITED STATES DEPARTMENT OF COMMERCE

HARRY L. HOPKINS, *Secretary*

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

N. H. ENGLE, *Acting Director*

**REVIEW
OF
FOREIGN
FILM MARKETS**

1938



Prepared in

MOTION PICTURE DIVISION

Nathan D. Golden, Chief

U. S. DEPARTMENT OF COMMERCE / HARRY L. HOPKINS, Secretary

BUREAU OF FOREIGN AND DOMESTIC COMMERCE / N. H. ENGLE, Acting Director

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Harry L. Hopkins, Secretary

Bureau of Foreign and Domestic Commerce
N. H. Engle, Acting Director
F. H. Rawls, Assistant Director

REVIEW OF FOREIGN FILM

MARKETS DURING 1938

By

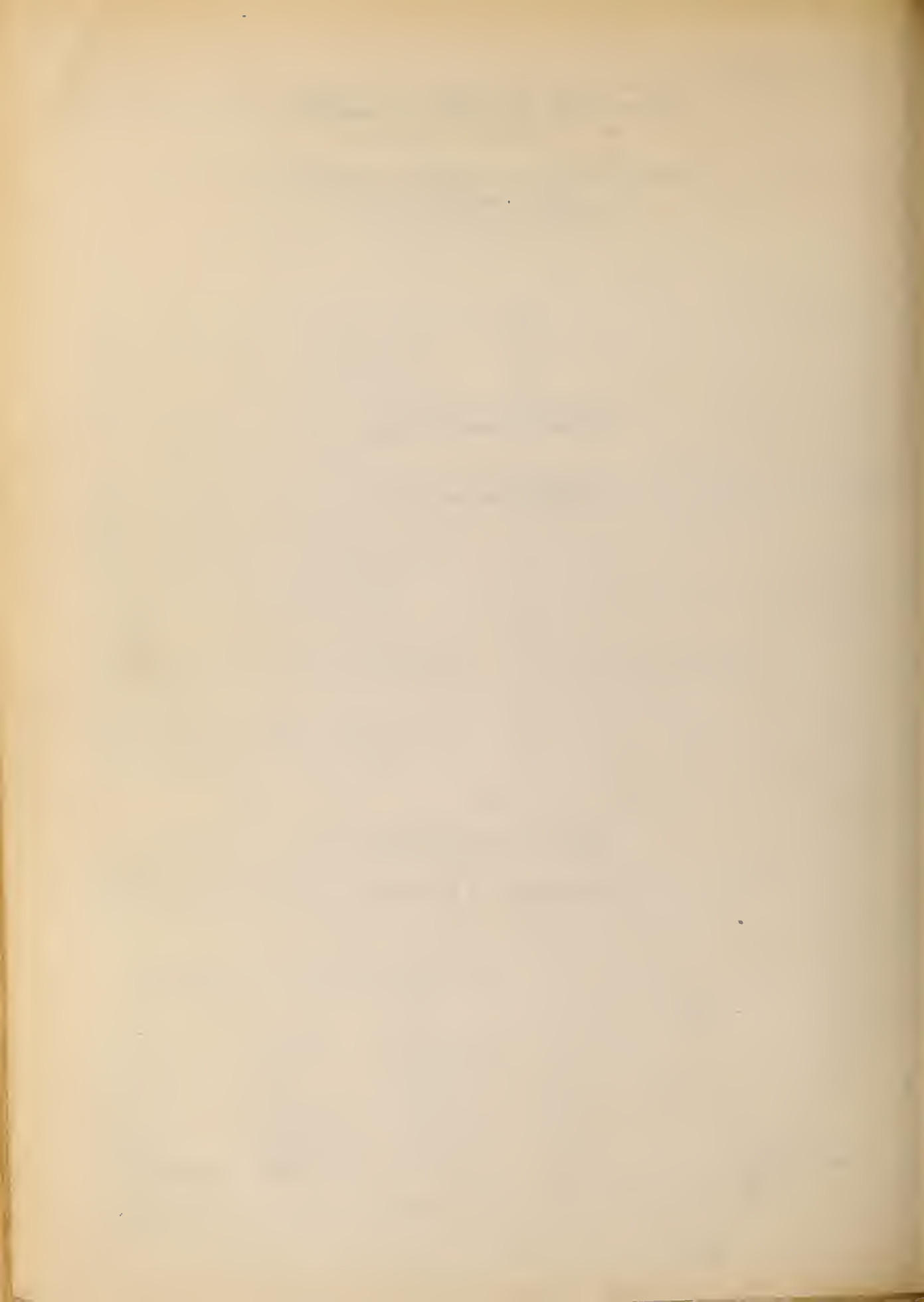
Nathan D. Golden, Chief

Motion Picture Division

March 1939

FL 1224

Price 25 Cents



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FOREWORD

Motion pictures have a distinctive significance in the list of American exports. Not only are the foreign film markets important to American producers because of the amount of money earned abroad and remitted to this country--there is also the important factor of the influence which the pictures exert in familiarizing foreign audiences with American ways of life and stimulating the desire to own and use such garments, furnishings, utensils, and scientific innovations as are depicted on the screen. The benefits derived by this country from a successful cultivation of the foreign motion-picture markets are thus both direct and indirect.

For these reasons, it is necessary that our motion-picture producers and distributors be in possession of timely and pertinent information with respect to the conditions in markets overseas. Such up-to-date facts are peculiarly vital at present because of the frequent shifts, the many new developments, and the contingencies and emergencies that arise suddenly in the foreign motion-picture field.

This publication, made possible by the cooperation of the Foreign Commerce Service of the Department of Commerce, the Consular Service of the Department of State, and the Bureau's Motion Picture Division in Washington, is designed to be a dependable manual of salient facts about motion-picture conditions in each of the markets of the world. Readers will find here a presentation of the developments in the significant field of educational films.

A handwritten signature in dark ink, appearing to read "W. H. Engle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Acting Director.

REVIEW OF FOREIGN FILM MARKETS DURING 1938

By Nathan D. Golden
Chief, Motion Picture Division
Bureau of Foreign and Domestic Commerce

American motion pictures continued to enjoy widespread popularity in every region of the world throughout the year 1938, although there was a decrease in the quantity and value of our film exports. As always, our American pictures have won friends during the past twelvemonth through their outstanding merits, but they have been confronted by the same impediments and handicaps as in other recent years -- sometimes in accentuated form. The intensification of difficulties abroad has resulted in a falling off, from 70 percent to 65 percent, in America's domination of the world's motion-picture screens.

The obstacles, which have been of diverse sorts, have more or less demoralized the local amusement business. Transfers of territories have involved drastic changes in the circumstances governing the motion-picture trade. The intangible psychological factors of uncertainty and apprehension have had an appreciable effect. In many cases the spirit of nationalism has been heightened to the disadvantage of a product such as American films, whose appeal is ordinarily designed to transcend geographical boundaries.

During the past year the ardent fanning of that spirit of nationalism has meant, in numerous countries, an ever-increasing fervor and energy in the attempt to build up the struggling local film industries -- industries which, despite their obvious faults and feebleness, are apt to be supported by governmental action. Often this has meant more frequent play dates for locally produced pictures at the expense of our American productions. Foreign restrictions on American pictures in 1938 assumed varied but generally vexatious and embarrassing forms. In certain countries, quota systems are entrenched, and that troublesome system shows a tendency to spread. Taxes on motion-picture business abroad are usually high, and the trend is unmistakably upward. "Racial" theories and campaigns continue here and there to bring difficulties, which are not easy to deal with. Foreign exchange controls and censorship were continuing problems during 1938, though there have been few startling alterations in those fields.

It may well be noted, at this point, that certain foreign governments have been resorting somewhat oftener, and with more vigorous insistence, to the method of diplomatic intervention with neutral governments in order to prevent the local showing of American feature pictures which authoritarian states choose to regard as objectionable. The number of such interventions has not been particularly large -- but the activity, in itself, deserves to be noted.

Legislative Restrictions

Restrictive measures enforced in Europe during 1938 included a new

quota system instituted in Great Britain on April 1, 1938, lasting for the next 10 years. The purpose of this new law is to compel distributors and exhibitors to utilize a proportion of British-made films, and foreign producers, including American, are induced to produce in British studios quality films for both domestic and world distribution.

Italy has placed the distribution of all films, commencing January 1, 1939, under a Government monopoly. A decree to this effect was issued on September 4, 1938, establishing the Ente Nazionale Industria Cinematografica to purchase and distribute in Italy, its colonies and possessions, all motion pictures imported from abroad. Because of the severe terms of this decree and the scant opportunity offered for the showing of our American films, all American firms having their own distribution branches in Italy, and those distributing films through Italian agents, ceased doing business in Italy on January 1, 1939. This is something new in restrictions. It is the first time that a foreign government has gone into the business of distributing motion pictures for the outward purpose of profit. With the closing of American branches in Italy, Italian exhibitors will unquestionably feel the severe "pinch" involved in the lack of an assured supply of films. At best, Italian films average about half of the normal box-office receipts attained by American films, and, in the past, Italian audiences have not refrained from expressing their adverse reaction to Italian films.

Germany during 1938 widened its authority and influence in Europe by absorbing Austria and the Sudeten territory of Czecho-Slovakia. Not only did the Anschluss of Austria and the partition of Czecho-Slovakia bring some 1,100 additional motion-picture theaters under the German Swastika but also the quota laws of Germany were applied -- virtually shutting out our American films. Cooperation and "compensation" agreements between Germany and other countries also have materially decreased the showing of our American pictures. This restrictive tendency is spreading over those countries that are looking to Germany for economic assistance.

On October 12, 1938, a Federal Decree went into effect in Switzerland making the importation of motion pictures subject to an import permit to be issued by the Federal Department of Interior, which has also been empowered to fix import contingents. Up to now, however, no quotas have been fixed. It is understood that the primary purpose of this new decree is to establish a dependably functioning import control of films, which was not possible previously.

The new agreement of May 18, 1938, effective June 1, 1938, in Czecho-Slovakia permits of greater facility of American film distribution. It has removed certain threatening restrictions, decreased the cost of introducing features and dubbed versions (the recent ceding of the Sudeten territory to Germany has diminished the value of the concessions with respect to films dubbed in the German language), bound certain conditions, and established the right of American companies to establish their own distribution organizations under equitable conditions.

The Danish Parliament on April 13, 1938, revised the existing motion-picture law and created a Government distributing agency called the Film Central, for the purpose of distributing Danish films that are not distributed by the producer himself or by independent Danish distributors. The law prohibits the distribution of domestic films by local branches or agents of foreign motion-picture distributing companies.

Although restrictive barriers in many of the European countries are being enforced in greater number, the European market for American films is far from being lost. Countries such as England and France (even with their legislative barriers), Belgium, Denmark, the Netherlands, Finland, Norway, Poland, and Sweden, still remain important outlets for our American pictures.

The ban on the importation of American motion pictures into Japan was lifted in October 1938. For a period of 13 months no new American films were permitted entry, in accordance with the law of September 1937 banning luxuries—under which motion pictures were classified. The new plan permits the entry of 200 American films into Japan during 1938, and the transfer of 3,000,000 Yen of frozen funds in Japan to the United States through the Yokohama Specie Bank at San Francisco, where such funds are held without interest for a period of 3 years. Second, it provides for the grant of import and exchange permits for the importation of \$30,000 worth of films on the basis of a fixed valuation of 1.5 cents per foot. Third, it allows distributors to remit these funds on a monthly basis, converted into dollars and kept in the Yokohama Specie Bank in San Francisco under the same restrictions as noted above for the 3,000,000 Yen of frozen assets.

While the lifting of the ban permitted the entrance of our American pictures again in Japan, uncertainty is reported to be felt in consequence of predictions that legislation is being drafted for presentation to the next session of the Diet in March 1939, providing for rigid control over all phases of the motion-picture industry.

On December 22, 1938, the Governor of New South Wales, Australia, approved an amendment to the Cinematograph Bill of 1938 providing for a Theater and Films Commission to replace the Film Advisory Committee, and setting up new provisions of the Quota Act. The new act provides for a 15 percent quota on the part of exhibitors for British quota films, and a 2-1/2 percent quota on the part of exhibitors for Australian pictures. Exhibitors, under the new act, have a maximum rejection right of 25 percent plus 2-1/2 percent for Australian films, or a total of 27-1/2 percent.

Latin America

The Latin American market at present appears to be the market our American distributors are seeking to offset the restricted markets in other parts of the world. With 5,239 potential theater outlets, and with new theater construction increasing each year, American companies are coming to the realization that here is a geographical area that should receive closer

by that nation's own distinguished authors are excluded from its screens. "Anything that might offend local sentiment" is the broad and vague description of the sort of dramatic themes that might mean "thumbs down" in a certain country. In another region, one is forbidden to show, in motion pictures, "organized knuckle fights" or "profuse bleeding" — and the same country also bars scenes depicting "relations of capital and labor," a rather onerous restriction on producers interested in showing the vivid drama inherent in economic problems of the present day. One is inclined to agree with a report from a country in southeastern Asia, expressing the opinion that apparently "the local censor does not take into consideration the growing sophistication of native audiences."

Foreign Film Production

During the year 1938 foreign motion-picture production totaled approximately 1,706 feature films, as against 1,809 features in 1937. The countries of the Far and Near East led in production, with a total of 967 features in 1938, as compared with 959 in 1937. Japan with 575 features was again the leading producer, followed by India with 200 features. The Philippine Islands account for 67 films, Hong Kong 53, China 33, Egypt 16, Siam 10, Australia 8, Chosen and Formosa 2 each, and New Zealand 1.

Production in Europe fell off sharply in 1938, primarily as a result of England's decline in production. For the year 1938, all countries of Europe produced a total of 609 features. The following countries were producers of feature films during 1938: Germany 137, France 122, England 85, Russia 51, Italy 47, Czechoslovakia 41, Sweden 30, Hungary 26, Poland 25, Finland 20, Denmark 9, Norway 4, Turkey, Belgium, and Portugal 3 each, Netherlands 2, and Switzerland 1.

Latin American feature-film production during 1938 took an upward jump of 40 films. During 1938, 130 full-length features were produced as compared with 90 in 1937. Mexico was the largest producer, turning out 60 features. Argentina jumped its production to 50 features from 30 in 1937. Peru increased from 2 in 1937 to 11 in 1938. Brazil produced 4, Cuba and Uruguay 2 each, and Venezuela 1.

Increased production in Latin America substantiates the fact of the Latin Americans' desire to see and hear their own stars speaking their native tongue. In many markets these native pictures, regardless of their quality, have far out-distanced some of our biggest American productions. This especially is true in the rural communities of Latin America. Films produced in Mexico and Argentina have scored notable box-office successes in nearly every Latin American country in which they have been shown. This is true also of those Spanish-dialogue films produced in Hollywood employing actors brought from Latin American countries, speaking Spanish, and placed in stories having a Latin American atmosphere.

It is keenly interesting to note some of the salient characteristics of

"infant" picture-producing industries in various foreign countries during the past year, as recorded by competent observers on the spot. On the one hand (as just indicated) we must frankly recognize the fact that the locally produced pictures often exert a powerful, though naturally restricted, appeal; they do so not only because they speak the language of the people but also because they "portray outstanding aspects of the national life, showing typical landscapes, dances, and music" (to paraphrase one report from the Caribbean region). One picture in particular, produced south of the Rio Grande, is noteworthy as having achieved a really "tremendous hit" during 1938 in a number of Latin American countries, where the people welcomed it eagerly by reason of their perfect comprehension of the language and the animating moods of the action.

On the other hand, we have a wealth of recent evidence to demonstrate the grave defects, shortcomings, and often insuperable difficulties of the motion-picture production attempted in certain countries, very largely on the basis of nationalistic ambition, without a solid foundation. From one European country we hear of complaints by audiences that "the local pictures seem 'stationary'". Lacking the proper facilities for moving the cameras, or for creating a fascinating variety of settings, the local producers are unable to avoid, in their films, an annoying and exceedingly tiring "static" quality. Again, we learn that "the make-up of even the leading players in local pictures is often far from flattering," and the spectators are thereby repelled -- or amused in the wrong places. (What is being said here does not refer, of course, to major producing countries such as France and Great Britain).

"The lighting is generally hard and flat" is a criticism voiced of the pictures being turned out in one Far Eastern country -- in vivid contrast to the magical lighting effects achieved in nearly every American picture. The music used in some foreign studios is that of old, imported phonograph records -- and, when the picture is edited, there occurs from time to time an abrupt and disconcerting "chopping off" of the musical background, perhaps in the middle of a phrase.

"Direction is deficient," is the 1938 dictum from another part of the world, with respect to locally produced pictures. A basic handicap noted is that "many local films have been and are being produced 'on a shoestring.'" "Technique lags behind" is the point emphasized in still another discussion of foreign production, and, with respect to one major country, it is asserted today that the local producers "cannot provide the spice and variety characteristic of American pictures."

In one foreign country, with a vast population, the motion-picture production attempted by various local interests has, in general, "gained the reputation of being a poor financial risk and a highly speculative venture." In another part of the world, the local producers are described as being "unable to do any really serious work," the existing companies being "small, poorly organized, and inadequately financed." In one very substantial nation of western Europe, we find that "the high percentage of financial failures

registered by local motion-picture productions discourages fresh investments."

In northern Europe, one splendid new theater took the rather staggering loss of 2,000 crowns daily while showing a locally produced picture, of which high hopes had been entertained. In that country, we ascertain, producers have experienced great difficulty in engaging satisfactory casts; one reason for this is the fact that they are compelled to rely exclusively on stage actors and actresses, and these artists can act in pictures only during the 3 months of their summer holidays. In one British Dominion, the year 1938 witnessed the production of one local feature -- which was "shown in one theater and immediately forgotten."

In one of the European countries, in 1938, the sum of 600,000 francs was sunk in the production of a local film called "Evil Eye" -- which, when it was finished, found no market whatever. It is said that the film cannot be sold and that the money invested in it is likely to represent a total loss. A number of firms, in the same country, are attempting to produce pictures in a structure converted from other purposes, where they have a working-room only 8 meters wide by 20 meters long.

Summation

From such reports as these, covering 1938, one gets a clear idea of the flaws, misfortunes, frustrations, and frequent unfavorable reactions involved in the attempt by various foreign interests to establish local motion-picture production abroad where there is actually scant necessity or justification for the effort. In numerous cases the difficulties seem well-nigh insurmountable, since they arise out of the inherent limitations of the country. In other instances, of course, the present handicaps are to some degree temporary, and faults will be gradually corrected as circumstances are altered and development proceeds.

But whether the future, in a given country, presents one prospect or the other, today the fact is indisputable that a very considerable proportion of the motion-picture production abroad is of a quality markedly inferior to prevailing American standards.

In view of that fact, what action should be taken by our American companies in order to maintain a position of superiority over their competitors in the markets of the world? To what major measure can they today resort, with the object of checking trends which we must acknowledge to be adverse? What dynamic attraction or allurements can be exerted, of greater potency than the local appeal of a spectator's mother-tongue and his natural fondness for familiar scenes and ways of life?

Plainly, before all else, we must emphasize to the utmost the contrast in quality between our good American pictures and the typical product of local producing industries abroad. We must make that contrast as vivid, as striking, as impressive, as it can possibly be made. Persistently and adroitly, we

must make the foreign movie-goer acutely conscious that the American picture is a product of decidedly superior quality -- of rich and varied artistry, of entertainment value unmatched in the run-of-the-mine output of our competitors abroad. We must make this "High-Quality" factor so universally recognized that local audiences abroad will have no desire to see inferior films that owe their existence simply to some Government legislation or subsidy.

Very recent news dispatches tell us how certain foreign audiences, deprived of American pictures, have manifested their displeasure in the strongest possible terms.

It is unwise for us to try to export mediocre films. Foreign audiences, in numerous countries, get an abundance of that kind of pictures from their own studios. American distributors should send only their choice Grade "A" films to the foreign market. If the choice is between our "B" type of films and a picture from a native studio, the latter (one need hardly say) is almost invariably preferred. An examination, over the past few years, of our best revenue-producers in the foreign market discloses that those films listed among the best pictures shown here in the United States have also been the biggest revenue-remitters.

Certainly, therefore, it behooves our American companies today, more than ever before, to make a very careful selection of the films to be exported -- and not to send, more or less at random, pictures that might affect unfavorably the ultimate gross returns, while impairing our indispensable prestige and reputation for superior quality.

As we advance into the new year 1939, the factors to be relied upon, in maintaining our position in foreign markets, may still be defined as the simple, basic elements of our unmatched scientific skill in motion-picture production -- our amazing capacity for devising new and really wonderful methods -- our determination to achieve artistic and enthralling camera-effects -- the incomparable richness of our material facilities and resources-- and our unequalled variety and range of every type of acting talent. Together, these things spell quality -- and it is quality that will continue to attract foreign audiences to American pictures.



EUROPE

ALBANIA

LEGISLATION -

There are no laws in Albania that restrict dealing in foreign exchange. It is forbidden, however, to export gold bullion and gold coin. There exist no laws giving any other country preference over the United States with regard to marketing films. The United States is a most favored nation by treaty with Albania and cannot, therefore, be discriminated against. There is no legislation in effect or contemplated which might reduce or prevent American distribution of motion pictures.

CENSORSHIP -

There is no specific legislation in Albania providing for film censorship, although every film exhibited must be passed by a commission. That commission is composed of representatives of the prefecture, the Ministry of Education, the courts, and the Command of National Defense.

Most American films come either direct or by way of Italy, where they have been censored, dubbed in Italian, and shown. Those coming from Italy are usually allowed to be shown without cutting, although they may be previewed by the commission. Films imported from the United States and other countries must pass the commission with regard to their potential moral and political effect on the public. Exhibitors, however, do not consider censorship strict. No films have been barred during the past several years, and only a few have suffered minor cuts. The important films come usually from Italy where they have been censored. Those brought direct from the United States are less likely to be censored, as they are usually "westerns" and comics.

COMPETITION -

According to the official import statistics of the Ministry of Finance during the calendar year 1937 there were imported into Albania 6,008 kilograms of films of all kinds, chiefly from Greece, Italy, and the United States, respectively. However, local importers advise that, since no films are produced in Greece and very few in Italy, the films indicated as coming from these countries are actually of American and German origin, having been imported and shown in Greece and Italy and then exported to Albania. Local dealers also state that about 200 films were imported during 1937, about 75 percent of which were of American origin, about 20 percent of German, and 5 percent of French and Italian origin. According to local importers, during the first 9 months of 1938 Albania imported about 160 films, 90 percent of which were of American origin and 10 percent were German, Italian, and French.

COPYRIGHT RELATIONS -

There are no copyright laws protecting foreign producers from piracy in Albania.

PRODUCTION -

No films are produced in Albania, and there appears to be no prospect for the creating of a producing industry.

There are no facilities for "dubbing" American films in the Albanian language. With few exceptions American films imported into Albania are dubbed chiefly in Italian and a few in French. Urban Albanians have a fair knowledge of Italian and French; Italian is becoming better understood by the majority of the population, particularly in the cities.

TAXES -

(1) Customs duties: Developed positive motion-picture films are classified under Category No. 34 as Item No. 509 (c) (2) in the Albanian Customs Tariff, and a duty of 20 gold francs (\$6.50) per 100 kilograms is levied. There is also collected an additional duty of 18 percent of the total regular duty levied and 1 percent of the value, which is destined for municipal, educational, port, and other improvements. Albanian importers usually do not buy the films they exhibit, but rent them, and after they have shown them throughout the country they reexport them. Only recently has the most important motion-picture exhibitor in Albania purchased outright a few cheap American western films. Whether the films are purchased or rented, the customs duty is the same.

(2) Municipal taxes. Motion-picture theaters pay an amusement tax of 5 gold francs daily (except on days when there are no shows) and an annual advertisement tax of 300 to 500 gold francs, according to the importance of the theater. Other municipal taxes are revenue stamps of 0.02-1/2 gold francs which are attached to each small advertising leaflet.

(3) Ministry of Finance. An annual income tax is paid to the Ministry of Finance. This tax is arbitrarily assessed by the Ministry, but it may be contested by the owner of the motion-picture house and reduced if he produces good evidence that he did not make a big profit on his business.

THEATERS -

There are 18 motion-picture theaters in Albania, and all are wired for sound films. Seven are owned and operated by the "Kinema Nasional" of Tirana; six are owned in partnership between the Kinema Nasional and private individuals; three are owned and operated by the "Gloria" partnership organization of Tirana, and two by private individuals. The three Tirana theaters have a seating capacity of 450, 450, and 350, respectively. The two theaters in Scutari and the two in Durazzo each have a seating capacity of 350; the one in Korcha can seat about 1,000, while the others can seat from 100 to 200 persons. The average admission price in Albania is 0.40 franc. Tirana theaters sell tickets for 0.20, 0.40, 0.50 for women, 0.60, 0.80 for officers, and 1.00 franc; those in Durazzo and Scutari for 0.20, 0.40, 0.60, and 0.80; in Korcha 0.20 and 0.40; in the other cities 0.20, 0.40, and 0.60.

The uneducated class of the native audiences prefers cowboy and war films and historical dramas, whereas the better-educated class prefers musical comedies and operas.

The most important motion-picture houses are those in Tirana. Their gross income is calculated at \$50,000 annually. Those in the other cities have an estimated gross income of from \$7,000 to \$8,000 each annually.

It is estimated that the total investment in the Albanian motion-picture exhibiting industry amounts to about \$150,000. That represents the amount of money invested in the 18 theaters, their equipment, projectors, and fixtures.

There are no Government subsidies.

SOUND -

There are 18 theaters equipped with sound.

EDUCATIONAL FILM DEVELOPMENTS -

It is doubtful whether a demand could be created for the sale of educational motion-picture films and equipment. No allowance was made for that purpose in the budget of the Ministry of Education for either the 1937-38 or 1938-39 fiscal years. There is only one school in Albania using this type of film for teaching purposes and the apparatus was bought with funds accumulated from contributions from the pupils. Educational institutions are all operated by the Government, and the budget is just adequate for salaries and necessary equipment.

IMPORTS FROM THE UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	5,700	\$ 700
Negative Sound.....	---	\$ --
1937 - Positive Sound.....	8,073	\$ 171
Negative Sound.....	---	\$ ---

* * *

BELGIUM

LEGISLATION -

The general policy of Belgian trade practices is reflected in the legislation which touches the distribution of American films in Belgium. There are no laws prohibiting foreign exchange, nor are there any laws imposing quotas or contingents. No such legislation is contemplated at present. There are no laws giving other countries preference over American films, nor is legislation foreseen which might reduce or prevent American distribution of motion pictures.

During the first half of 1938, the Belgian cinematographic market remained fairly active, with American firms well represented and enjoying a very favorable share of the market. In a large part of Belgium, American films are preferred, while throughout the whole country, American films can be placed more easily, either in the original or dubbed, than in almost any other European country, since local competition is almost non-existent and foreign competition is successfully offset by the publicity and interest surrounding American production. Legislation in general in 1938 favored, or at least failed to hinder, the expansion of our trade in American films, and their distribution was not seriously hampered either by the censorship in particular or by financial regulations, taxes, or foreign exchange restrictions.

Few developments distinguished the early part of 1938 from preceding years. The recession, which had already touched Belgium before the end of 1937, continued, yet was reflected by the moving-picture houses in a much milder form than during the depression 7 years ago. Local agitation for an exclusively Belgian studio where the dubbing of American films might be undertaken had subsided before 1938, and only a few echoes of this nationalistic spirit appeared sporadically and passed without effect during the first 6 months of 1938. There were signs that local Belgian financiers and technicians were interested in the development of local production, yet, although no less than three groups were active during the period under review, only one produced numerous films and these films were short documentary films rather than feature production. Local competition still remains unimportant, although the desire for it is surely growing. Occasional attempts were also made by local groups to get in touch with American producers of educational films, and it is probable that in this department much progress may be made in the future.

CENSORSHIP -

There continues to be no censorship in Belgium, as all pictures without exception can be released. No distributor is required by law to submit his films for censorship.

The only censorship to which a film may be subjected in Belgium is the so-called "Commission de Controle" which decides whether a picture can be played before children under 16 years old or not. In order to be played with the permission to exhibit the sign "Children Admitted," a picture must omit all scenes of robbery, fight, gun-play, cruelty, etc., as well as lascivious scenes or blackmail. In imposing this standard the "Commission de Controle" is very strict.

COMPETITION -

French films continue to be the most serious competitors to the American films in the field. The following tabulation has been checked with a local distributor and may be considered as accurately reflecting the local situation.

	<u>Brussels</u>	<u>French- speaking</u>	<u>Flemish- speaking</u>
1. Who are the largest competitors of American films?	French	French	None.
2. What percent of films shown are American?	50 percent	40 percent	80 percent
3. Are our films well received and preferred to domestic or locally produced films?	Prefer the French	Prefer the French	Prefer the American films

COPYRIGHT RELATIONS -

The laws of the country reinforce the international agreement to protect copyrights and to secure foreign producers against piracy.

PRODUCTION -

There are three production units operating or being organized for operation in Belgium. They are led by CEP, a contraction which stands for "Cinema Educational Production," the oldest organization in the field. There is now a group being built up around a young organizer or sponsor and taking advantage of the presence in Belgium of many expert technicians who are at present refugees from Central Europe, or who have returned from Hollywood. It is understood that this organization is meeting difficulties because of the obvious pull toward Paris that is exerted by the much more important French studios. The group has not yet entered production.

A third organization has sponsored the production of a short film known as the "Mauvais Oeil." The "Mauvais Oeil" was produced by a group aided by a former moving-picture operator. It is understood that the production cost 600,000 francs, of which the Comte d'Ursel contributed 20,000 francs. The rumor in the trade is that the film cannot be sold and that the 600,000 francs represent a total loss.

Apart from the single film just mentioned, Belgian production was limited to three films during 1938. They were produced by CEP, which has produced 15 documentaries since its foundation. Most of these films have been ordered by local propaganda organizations such as the Office Belgo-Luxembourgeoise de Tourisme or the Belgian railway companies. It is not yet certain that Belgian production for the year 1938 will equal production for 1937, when six films were produced.

The number of studios in Belgium, up till the present time, has been negligible. During the first months of 1938, a new studio was organized and equipped in Brussels. The firm behind the new enterprise is known as "Sonart."

The new "Sonart" studio is the most complete and satisfactory so far existing in Belgium. Its dimensions are understood to be 20 by 60 meters, and its installation, with offices, rooms for actors and actresses, and adequate apparatus, qualifies it to be a town studio comparable with many similar set-ups on the continent. The sound equipment was supplied by Gaumont-British.

A second film studio in Belgium is known as Sacar-British. This organization is a Belgium society.

Although constricted for space, having been organized in an old moving-picture house which gives a working room of only 8 by 20 meters, the Sacar-British organization has lent its studio to other firms which have produced three films with its equipment. The three films were created for French companies who came from Paris to execute the job. Their films were: "La Mort de Camille Lemonnier," "Passeur d'Hommes," and "Chevalier de la Cloche." The sound equipment of Sacar-British is Gaumont-British.

Another small studio which is at the same time organized to produce on its own account is the studio Schoukens. It operates in a small room located at 34 Rue Locquenghien, Brussels. Its equipment is understood to be of French manufacture and is considered to be inferior by competing firms.

Still another studio in Brussels is known as the British Sound Studio. It is the property of an inventor who uses his own sound equipment, manufactured according to his invention.

TAXES -

Taxation is comparatively low. The taxation on distributors remains unchanged, at 2.475 percent on the net royalty paid to producers. Apart from the entrance duty, a further tax, known as the "Taxe de transmission" continues to be imposed in Belgium on all merchandise imported into the country. This tax amounts to 2.5 percent ad valorem.

THEATERS -

The number of theaters in the country increased during the first months of 1938 until by the end of July they totaled 1,100. The total seating capacity has increased to approximately 650,000 seats, while the price of admission averages 7 francs in the big first-run theaters and Frs. 3.50 on the subsequent runs. A few of the large theaters in Brussels and Antwerp have top prices well above the average, yet they do not represent the bulk of the industry.

The yearly gross income at Belgian moving-picture theaters is estimated by the local distributors at approximately 300 million francs.

The films best liked by the Belgian audiences are comedies, which far outweigh other types of pictures in popularity.

SOUND -

The number of theaters wired for sound is understood to be 950, while the prospects of selling sound equipment to the unwired theaters remain good, with approximately 50 exhibitors interested in the proposition.

EDUCATIONAL FILM DEVELOPMENTS -

During the first part of 1938, a large amount of interest was shown by Belgian organizations in the possibilities of obtaining certain American educational films. Belgium is a signatory to the Geneva Convention, and educational films are allowed free entry under the terms of the Convention.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.	2,433,627	\$ 55,980
Negative Sound.....	---	\$ ---
1937 - Positive Sound.....	2,647,043	\$ 63,519
Negative Sound.....	---	\$ ---

* * *

BULGARIA

LEGISLATION -

There are no laws or regulations prohibiting foreign exchange in Bulgaria, and no laws or regulations discriminating against American films were promulgated during 1937 or during the first 10 months of 1938. The quota regulations of the Bulgarian National Bank which operated as import restrictions on motion-picture films were withdrawn about 3 years ago. The result has been a considerable increase in imports of films during the past 3 years, even though transfers of payments for such imports must be made by "compensation" transactions, or the payment of an equivalent premium, which increases accordingly the cost of the films. Such premium, for exchange on New York, London, or Geneva, is about 35 percent officially, or 38-40 percent unofficially, at the present time, whereas German exchange may be had at par or even at an appreciable discount, owing to the Bulgarian-German clearing agreement.

In the absence of a significant domestic film production, there are no laws requiring that a percentage of local films be shown on each theater program. Likewise there is no legislation giving other countries preference over American films, and none such are contemplated.

CENSORSHIP -

No film may be shown in Bulgaria until it has been inspected by a special Censorship Board appointed by the Ministry of Education, and until the proper

permit has been granted for its projection. The Censorship Board is strictly official. The most important factors in determining the acceptance of a film are the following: (1) The film must contain nothing dangerous to the State (communist or anarchist propaganda); (2) immoral subjects and pictures are not allowed; and (3) anything offensive to the Royal House, to the army, or to any country with diplomatic relations with Bulgaria would not be permitted. Bulgaria has no specific agreements with other countries to bar films which are regarded as objectionable, on protest by a friendly country or vice versa. Any action which may be taken in this respect is on the basis of diplomatic representations in the respective countries.

The film censorship for school projection is even more strict than for ordinary public-projection films. While some of the films permitted for public projection may be projected also in schools, some may be allowed only if cut, while others may be prohibited unconditionally.

It may happen that films found by the censorship to be inadmissible may later be admitted if presented to a new censorship board, or if the offensive parts of the film are deleted. Similarly, permits properly granted may later be revoked by subsequent action of the Censorship Board.

All films are treated in the same manner, and there is no discrimination of any kind, as regards the country of origin of the film.

According to information obtained from the Board of Censors, 352 films totaling 725,021 meters were approved for projection in 1937, and 398 films were approved during the first 10 months of 1938. With the exception of a few short technical films and news reels of the silent class, practically all were sound films. The following table shows the country of origin, number and length of films censored during 1937.

<u>Country of origin</u>	<u>Number of films</u>	<u>Length in meters</u>
United States.....	206	304,849
Germany.....	189	147,949
France.....	64	135,898
Austria.....	13	32,541
England.....	21	35,734
Russia.....	14	25,396
Italy.....	7	17,291
Czechoslovakia.....	8	9,538
Hungary.....	4	8,600
BULGARIA.....	5	4,625
Denmark.....	0	2,600
Total.....	532	725,021

During the same period 17 films totaling 31,893 meters were rejected by the Board of Censors, of which 7 were Russian films, 4 American, 3 German, 2 French, and 1 Bulgarian. While no official explanations of the decisions of the Censorship Board are issued, it has been learned that the American, as well as the French and German, films were rejected on moral grounds, whereas the Russian films were prohibited for political reasons.

During the first 10 months of 1938, 398 films were censored by the Board of Censors, 4 of them being rejected. More detailed information concerning censorship during 1938 is as yet unavailable. No specific situations in a film are prohibited and barred from showing in Bulgaria, as censorship is entirely discretionary on the part of the Board of Censors.

COMPETITION -

Thirty-nine percent of the films shown in Bulgaria are American, 36 percent German, 12 percent French, and the rest are from other countries. American films are well received and preferred to locally produced films, which in fact are few in numbers and inferior in quality. Official statistics show Bulgarian imports of American films during 1937 as 1,827 kilograms, valued at 3,564, 927 leva, which, however, does not include important transshipments from the United States through Germany, France, and England, recorded as imports from those countries.

COPYRIGHT RELATIONS -

There has been no change in the Bulgarian Copyright Law of July 8, 1921, as amended on July 16, 1929, by Bulgaria's adherence to the Bern Convention of September 9, 1886, revised at Berlin, November 13, 1908, and at Rome in June 2, 1928.

PRODUCTION -

There is almost no domestic film industry in Bulgaria. Because of lack of capital and of competent native artists as well as cameramen, there are no properly equipped studios for sound or silent film production in the country. Up to the present time no subsidy or assistance of any kind has been granted by the Bulgarian Government for developing the local motion-picture industry, the chief reason being that there has not yet been a serious project for producing first-class Bulgarian films. Domestic production during 1938 consisted of a few short silent news reels and other historical pictures, which were, however, far inferior technically to American films.

While the predominant language of the country is Bulgarian, French and German are understood by a large portion of the theater-going population. American and foreign films do not need to be "dubbed" in Bulgarian. Such films in their native language, with subtitles in Bulgarian, made in this country, are preferred to the "dubbed" films. No figures are available concerning total

investment in the local motion-picture industry, but the sum may be considered as relatively small.

TAXES -

Local taxes on films are relatively high. It is estimated that taxes imposed upon motion-picture theaters in Sofia, the principal film market, amount to 30 percent of the gross turnover, of which 17 percent is a direct tax and 13 percent is a stamp duty and special fund taxes. In detail, taxes are as follows:

(1) An excise tax of 17 percent of the gross value of tickets for Sofia theaters, 14 percent of the ticket value in Varna, Bourgas, Plovdiv, Stara-Zagora, Rousse, Schoumen, Pleven, and Vratza, and 5 percent of the ticket value in the rest of the Kingdom.

(2) A stamp duty of 1 lev each on all theater tickets from 11 to 25 leva each, and 2 leva each on all tickets over 25 leva each.

(3) A special Bulgarian Theater Fund tax of 1 lev on each ticket from 5 to 19 leva each, and a 2-leva tax on each ticket of 20 leva and more.

(4) A levy of 1 percent of the excise tax on all tickets, which is collected for a special Public Emergency Relief Fund. Motion-picture performances in villages, and the projection of either Bulgarian or foreign films pertaining to Bulgarian life, are exempt from the Bulgarian Theater Fund tax.

(5) Municipal entertainment tax of 60 leva per theatrical performance for theaters of 500 to 1,000 seats; 40 leva for theaters of 400 to 500 seats; 35 leva for theaters of 300 to 400 seats, and 20 leva for theaters of less than 300 seats.

(6) Advertising bill tax of 360 leva per 100 bills of 70x100 centimeters, for the first 2 days, and an additional 80 leva for each additional day of showing, with 1 lev stamp tax on each bill.

(7) A special tax collected by the Board of Censors for film censorship - 0.50 lev per meter for ordinary films and 0.20 lev per meter for educational and news reels.

(8) The distributor's tax amounting to 2 percent of the gross turnover.

(9) The import duty, which is 10 gold leva per kilogram, or about 9,000 leva per film of an average length.

THEATERS -

There are 111 motion-picture houses operating in Bulgaria, with a total seating capacity of 44,340, and average admission prices from 8 to 26 leva for

the larger theaters, 6 to 21 leva for those of medium size, and 4 to 16 leva for the smaller houses. Fifty-eight of these theaters are privately owned, 41 owned by public libraries, 5 school theaters, 4 owned by coal mines, and 3 military. Of all these theaters 83 operate daily, 2 theaters, 5 days a week, 12, 4 days, 7, 3 days, and 7 twice a week.

In addition, there are several motion-picture houses temporarily closed for lack of means to install sound equipment, and because of the lack of good silent films on the market.

The type of films preferred by local audiences are the musical and romantic films, but good comedies are also popular.

The yearly gross income of Bulgarian motion-picture theaters is estimated at 50,000,000 to 60,000,000 leva (\$600,000 to \$700,000 at 84.40).

SOUND -

All but one of the theaters actively operating in Bulgaria are wired for the showing of sound films, and the prospects for selling new equipment are therefore small. While it is impossible to obtain official information concerning the specific makes of sound equipment installed, it is understood that about 75 percent of such apparatus is a combination of imports with some locally made parts, the remaining 25 percent being standard imported equipment. Sound equipment in Bulgarian theaters is predominantly of German manufacture.

EDUCATIONAL FILM DEVELOPMENTS -

Up to the present time there are no educational institutions using 16-mm. films or equipment, and in view of the small educational credits available, it is not likely that there will be a market for such films or equipment in the near future. The Culture Section of the Ministry of Education states that the educational establishments and the Ministry of Education have been thinking along these lines, but because of lack of means for the purchase of such equipment, this question has been dropped for the time being.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	375,135	\$ 6,170
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	415,098	\$ 9,092
Negative Sound.....	6,728	\$ 200

CANARY ISLANDS (EAST)

LEGISLATION -

The East Canary Islands (Grand Canary, Lanzarote, and Fuerteventura) form a Province of Spain and have no particular legislation or censorship in connection with motion pictures.

CENSORSHIP -

All motion pictures for exhibition are received censored from continental Spain. Censoring in Insurgent Spain is effected in Salamanca and Seville.

COMPETITION -

The East Canary group represents a rather limited territory for the motion-picture industry, and the local business in this field is entirely on a basis of renting films for exhibition, no films being purchased outright. All films for exhibition in the district are obtained from central motion-picture concerns operating in continental Spain and are usually sent to the islands through the mails. Six American, two Spanish, one German, and one French motion-picture companies have their special agents, representatives, or branches in Las Palmas for distribution purposes.

Conditions brought about by the Spanish civil war have completely cut off normal receipts in the Canaries of motion pictures for rental, and theaters have no other films for exhibition except old material which was in the islands previous to the outbreak of the civil war or the limited material obtainable at the present time in continental Insurgent Spain.

In normal times, 80 percent of motion pictures shown in these islands were American, 10 percent Spanish, 5 percent German, and the remainder, 5 percent was divided among British, French, and Italian pictures.

Because of the popularity of American motion-picture stars and the publicity they receive in the foreign press and because of the high standard of American films and the usual lavishness of such productions, American films are well liked by the local public. The question of language is important with local audiences, and American pictures "dubbed" in Spanish, the language of the country, are considered as attractive as are Spanish pictures.

COPYRIGHT RELATIONS -

Same as in Spain.

PRODUCTION -

There is no production of motion pictures in the East Canary Islands.

TAXATION -

Taxation in connection with the motion-picture business may be considered moderate.

A real-estate tax is assessed against the motion-picture house, and an industrial tax against the business of exhibiting films.

Distributors pay a tax to the State as renters of motion pictures.

Motion pictures usually come to the Canary Islands for rental, as printed matter through the mails, with no dues or duties imposed upon entrance.

THEATERS -

There are 22 motion-picture theaters in operation in the East Canary Islands, with an aggregate seating capacity of 12,070. Ten theaters, with a total seating capacity of 6,800, operating in the capital city of Las Palmas, show motion pictures from 9 to 15 times a week, while theaters in the country districts exhibit pictures from 3 to 5 times a week only.

In the capital city of Las Palmas the admission price is minimum Pesetas 0.50 to a maximum of Pesetas 3.00, plus 10 percent war tax. In the country districts, the admission prices are, on an average, Pesetas 0.50 to Pesetas 1.00, plus 10 percent.

Feature films preferred by the theatergoing public in the district are in the first place comedies, musicals, and light drama, with "slapstick" comedies and dramas in the second and third order of preference.

SOUND -

Twenty-one motion-picture theaters in the district are wired for sound film. The one theater using silent equipment is a very unimportant house in the country district, and there is no prospect whatever of interesting it in sound equipment.

* * *

CZECHOSLOVAKIA

LEGISLATION -

Foreign-exchange control has been exercised in Czechoslovakia since October 1931, and the Czechoslovak National Bank is the administrative body. Czechoslovak branches of American motion-picture distributing companies have experienced intermittent delay in effecting remittances to their home offices because the National Bank does not place remittances for rentals and earnings on an equal footing with regular merchandise imports. There was no basic change in policy during 1938 with respect to allocation of foreign exchange for films, and, if anything, it has been somewhat more difficult to obtain exchange for film rentals since the September crisis than before.

There are no motion-picture regulations in force in Czechoslovakia today which can be construed as giving other foreign countries official preference over American films. As a matter of fact, the United States is the only country that has a special agreement currently operative with Czechoslovakia covering the trade in motion pictures.

The signing of this agreement on May 18, 1938, which took the form of an exchange of notes, and was signed by the Czechoslovak Minister of Foreign Affairs and the American Minister to Czechoslovakia, headlined Czechoslovak motion-picture developments in 1938. The agreement was put into operation effective June 1, 1938, through Czechoslovak Government announcement of May 25, 1938, which appeared as No. 113 of the Collection of Czechoslovak Laws and Decrees of May 31, 1938.

The new agreement permits of greater facility of American film distribution in Czechoslovakia, removed certain threatening restrictions, decreased the cost of introducing features and dubbed versions (it is evident of course that the recent ceding of the Sudeten territory to Germany has diminished the value of the concessions with respect to films dubbed in the German language), bound certain conditions, and established the right of American companies to establish their own distribution organizations under equitable conditions. Among the new concessions and consolidations which the agreement brings to the United States motion-picture trade, the following are worthy of particular note:

New Concessions

1. A reduction of the import permit fee on sound features in original version from 20,000 Czechoslovak crowns (\$700 U. S. currency at prevailing rate of exchange) to 17,500 crowns (\$612.50).
2. A reduction of the import permit fee on dubbed versions from 12,000 crowns (\$420) to 6,000 crowns (\$210).
3. Consolidation of a series of incidental fees into one lump-sum payment, 500 crowns (\$17.50) for features and 120 crowns (\$4.20) for shorts.
4. Simplification of import procedure and concentration of film import control in one body, the Ministry of Commerce.
5. Recognition of the right of American companies to establish their own distribution organizations in Czechoslovakia.
6. Removal of requirement to make prints of newsreels in Czechoslovakia.
7. Removal of requirement to offer for distribution cultural shorts of Czechoslovak origin.
8. Removal of requirement to superimpose Czechoslovak titles on motion pictures before they are presented to the Board of Censors.

9. Removal of the import permit requirement with respect to advertising material of American motion-picture companies.
10. Freedom to dub into the Czechoslovak language either in the United States or in Czechoslovakia.

Consolidations

1. The import duty on exposed motion pictures (Tariff Item 361 ex c) was bound at 1,200 crowns (\$42) per 100 kilograms.
2. Provision was made that no import or customs quota or any other form of quantitative limitation on the number of pictures which may be imported would be imposed.
3. Provision was made that motion pictures of American origin shall receive treatment in respect of distribution and exhibition no less favorable than that accorded films of other origin or of Czechoslovak origin, except in the latter case for the compulsory showing of films of Czechoslovak origin in Czechoslovak theaters.
4. The exemption of imports of short films and news reels from permit fees was bound.
5. The exemption of dubbed versions from screening before the Film Advisory Committee was bound.

Revised Regulations of the Ministry of Commerce

The new motion-picture agreement between the United States and Czechoslovakia and supplementary notes which were exchanged by the Czechoslovak Minister of Foreign Affairs and the American Minister to Czechoslovakia in reference to a definition of administrative procedure with respect to the importation of motion pictures into Czechoslovakia necessitated certain changes in existing regulations of the Czechoslovak Ministry of Commerce. As a result that Ministry issued in the Official Gazette a Notice No. 58,759/38-II/E, dated May 30, 1938, and effective June 1, 1938 which makes the required adjustments and in addition makes some changes which that Ministry had had under consideration for some time. These regulations, which supersede all previous ones on the subject of motion-picture importation, are given below in abstract. It should be noted that the trade organization of local branches of American distributing companies may now have a representative on the Film Advisory Committee with full voting power except on questions regarding Czechoslovak motion-picture production.

Paragraph 1.

Permits for the importation of exposed motion-picture films (ex Czechoslovak Tariff Item No. 361 c) will be granted only to distributors of motion pictures who possess the necessary trade license and who satisfy the other conditions set forth below in this announcement.

Paragraph 2

The applicant for a permit to import exposed motion-picture films is obliged first of all and at his own expense to show the film in question to the Film Advisory Committee according to regulations which the Ministry of Commerce will designate after hearing the Film Advisory Committee.

Paragraph 3

The Ministry of Commerce will hear the Film Advisory Committee with respect to applications submitted for permits covering the importation of exposed motion-picture films.

For authorizing imports of exposed motion-picture films, insofar as permits are granted, the following fees shall be assessed and collected:

I. For exposed sound feature motion-picture films more than 700 meters in length:

(a) Imported in the language version of the country of origin or other exceptionally authorized language version.

1. For negative or first copy (lavender copy) 17,500 crowns (\$612.50).
2. For every additional copy 0.15 crowns (\$0.00525) per running meter.

(b) Imported in dubbed version in language other than that of the country of origin:

1. For negative or first copy (lavender copy) 6,000 crowns (\$210.00)
2. For every additional copy 0.15 crowns (\$0.00525 or 5.25 mills.)

II. For exposed motion-picture films up to 700 meters in length:

(a) Tourist-propaganda:

1. For negative or first copy (lavender copy) 5 crowns (\$0.175) per running meter.
2. For every additional copy 0.15 (\$0.00525) per running meter.

(b) Industrial-advertising:

1. For negative or first copy (lavender copy) 10 crowns (\$0.35) per running meter.
2. For every additional copy 0.15 crowns (\$0.00525) per running meter.

III. For copies of other exposed motion-picture films 0.15 (\$0.00525) per running meter.

Paragraph 4

The following exception to the provisions of Paragraph 3 are designated:

1. Permits for the importation of copies (not negatives or lavender copies) imported in bond will be granted without assessment and collection of fees.
2. For every 8 (eight) sound feature films imported in original version of the same language there may be granted to the importer a permit authorizing the importation of one dubbed version in a language customary in the Czechoslovak Republic without assessment and collection of the fee specified in I/b/1.
3. The producer of Czechoslovak films has the right to import for each Czechoslovak film produced on which a subsidy was received (without regard to the possible number of language versions produced) one dubbed version. No fees as prescribed in I/b/1 shall be assessed or collected for the permit to import such dubbed version, provided he (the respective producer) imports that film in original version.
4. Permits for the importation of films of cultural value or of documentary feature films may be granted without fees prescribed in I/a/1, I/b/1 and II/a/1 on favorable ruling of the Film Advisory Committee.

Paragraph 5

If the public exhibitions of a film was prohibited by the Board of Censors of the Ministry of Interior, exception will be made to existing regulations applying to the return of fees charged for granting the import permit to the effect that on petition of the importer, substantiated by the respective import permit and certificate that the respective film was exported, the fees paid for the import permit will be returned to him in full or he may apply them in full to cover the fees for authorizing the import of another film. No interest will be reimbursed.

Paragraph 6.

The Ministry of Commerce will issue, on application of the importer, together with the permit authorizing importation, certification destined for the Ministry of Interior in submitting the film for censorship.

Paragraph 7.

The importation of exposed motion-picture films will be authorized only in the Czechoslovak language version and in the language version of the country of production. Dubbing of imported films for exhibition in Czechoslovakia into another language is permitted only in cases where such films were previously dubbed in this country into the Czechoslovak language.

The importation of copies provided with subtitles for exhibition in Czechoslovak territory which were finished outside of the Czechoslovak Republic will not be authorized in principle.

Paragraph 8.

The importers of news reels are required to include weekly at least 20 percent of the total meterage of Czechoslovak sound news.

Paragraph 9.

The Film Advisory Committee has been established under the Ministry of Commerce.

Its members, besides the Chairman, are:

1. A representative of the Ministry of Commerce.
2. A representative of the Ministry of Education.
3. A representative of the Ministry of Foreign Affairs.
4. A representative of the Ministry of Finance.
5. A representative of the Ministry of National Defense.
6. A representative of the Czechoslovak Association of Motion-Picture Industry and Trade.
7. A representative of the Czechoslovak Federation of Motion-Picture Import Trade (Association of American Distributors).
8. A representative of the Association of Czechoslovak Motion-Picture Producers.
9. A representative of the Central Association of Czechoslovak Motion-Picture Theater Owners.
10. A representative of the Czechoslovak Film Union.
11. A representative of artistic organizations which have motion-picture development on their program.

The Minister of Commerce in case of necessity may enlarge this Committee and name other members.

The Minister of Commerce shall name the Chairman of the Film Advisory Committee, the representative of the Ministry of Commerce and the representatives of trade organizations under 6 - 11 above. Representatives of these organizations shall be named following prior hearing of these organizations. The representatives of artistic organizations which have motion-picture development in their program shall be named following prior expression of opinion of the Ministry of Education.

Representatives of the offices listed above under points 2 through 5 shall be named by the respective ministers.

Each representative may have two substitutes, and they shall be named in the same manner as the representatives.

The Minister of Commerce may at his discretion call in experts with consultative vote to participate in deliberations of the Film Advisory Committee.

The representative under point 7 above may vote only on questions enumerated under paragraph 10, points a, b, and c.

Paragraph 10.

The Film Advisory Committee is to render decisions:

- (a) On questions pertaining to the regulation of imports of motion pictures.
- (b) On which imported films shall be allowed to enter as sound feature films, which as tourist-propaganda films, as industrial-advertising and as others.
- (c) On which imported films should be exempt from fees because of their cultural value or which should be recognized as documentary feature films.
- (d) On questions pertaining to Czechoslovak film production and its promotion.

Paragraph 11.

The rules of procedure decided upon by members of the Film Advisory Committee as set forth in paragraph 9 shall govern the deliberations of the Film Advisory Committee.

Paragraph 12

The Ministry of Commerce may after hearing the Film Advisory Committee make exception to the provisions set forth in paragraphs 1, 7, and 8 and qualify such exceptions upon the fulfilment of other conditions.

Paragraph 13.

This notice becomes effective June 1, 1938. All former provisions regarding the adjustment of imports and fees for granting permits for the importation of exposed motion-picture films, ex Tariff Items 361/c, are cancelled as of that date.

Import Permit Procedure

On the basis of paragraph 2, of the notice of the Ministry of Commerce of May 30, 1938, which regulates the importation of exposed motion-picture films into Czechoslovakia, and which was given above, the Ministry of Commerce has notified trade organizations in the motion-picture branch through Ruling 59, 922/38/4G of the same date that the following permit procedure shall be employed:

1. The importer will first of all request authorization to import in bond.
2. Under paragraph 2 of the subject announcement the importer is obliged to show at his own expense the film in question to the Film Advisory Committee. A special form will be employed in making application for such screening, and at the time of application the importer shall pay 500 crowns (\$17.50) for feature films more than 700 meters in length and 120 crowns (\$4.20) for shorts. These sums shall be paid into checking account No. 8689 at the Postal Savings Bank.

Decisions or questions pertaining to the importation of films already screened will be made at the next meeting of the Film Advisory Committee. The Ministry of Commerce will advise the associations concerned as to its decisions regarding the importation of films, who in turn will advise their member firms.

3. If there is no objection to the requested importation, the importer will apply for the permit to import the negative or first copy (formerly monopoly) and in his petition give the number of the application in which he requested to have the film screened. Permit to effect importation will be issued to him on condition that the fees prescribed for import permit are paid.
4. Simultaneously with the import permit the Ministry of Commerce will issue a certificate which is to be submitted to the Ministry of Interior when the film is presented for censorship.
5. In his application to import additional copies the importer shall always give the number of the permit which authorized him to bring in the negative or first copy.

In case an import permit is not called for within 8 days, import permit fees will be collected through Court order.

Exposed and unexposed motion-picture film (ex Czechoslovak Tariff Item 361/c) where subjected to export permit requirements effective June 1, 1938. through a notice of the Czechoslovak Minister of Commerce of May 25, 1938, which appeared in the Official Gazette of May 29, 1938. Exports of such products must be cleared through the Czechoslovak Customs House in Prague before they can be accepted for shipment. It is understood that this regulation was adopted to stop the outbound shipment of motion pictures which may not be to the best interest of Czechoslovakia. This information may be of value, particularly to American news reel companies.

There are no laws in effect in Czechoslovakia which limit quantitatively the importation of motion pictures. The abolition of the elaborate film contingent system employed in Czechoslovakia took place on November 16, 1934. In connection, however, with the subject of quotas, reference may be made to an agreement concluded on February 18, 1937, between the Reichsfilmkammer, of Berlin, and Czechoslovak producers, distributors, and exhibitors which provided on an annual basis for the importation into Germany of as many as 5 features of Czechoslovak origin (without contingent certificate), one such film being permitted entry for each 15 films produced in Germany authorized for distribution in Czechoslovakia. However, pictures originating in Germany imported into Czechoslovakia remained subject to all regulations effective in Czechoslovakia. This agreement, which was approved by the Czechoslovak Film Advisory Committee, operated during 1937, but actually became ineffective during 1938, shortly after the incorporation of Austria into the German Reich, because of apparent disagreement over the question of including films of Austrian origin into the German Czech film exchange ratio of 15:1. It is anticipated in Czechoslovak trade circles that motion pictures will constitute the subject of negotiations with Germany in the near future.

There are reports in Czechoslovakia to the effect that there is under consideration by the Czechoslovak Government the draft of a decree which would provide for the establishment of a "Film Center" to be comprised of several trade sections. Each section would consist of representatives of a different branch of the film trade, that is playwrights, producers, distributors, exhibitors, etc. Membership of firms and individuals would be compulsory in their respective section. Distributors of American motion pictures in Czechoslovakia fear that the establishment of a "Film Center" would pyramid control of the local motion-picture trade in a manner that would be detrimental to their trade interests.

There is also said to be under advisement the draft of a new Cinema Law which would introduce changes in the manner of granting operating licenses to theater owners in the Provinces of Bohemia and Moravia-Silesia. The adoption of this legislation might effect adversely contracts which Czechoslovak distributors of American motion pictures have with present theater licenses. The province of Slovakia - which was given autonomy on October 6, 1938, in most fields of Government administration - has already canceled all cinema licenses which were granted in that Province before October 6, 1938. Persons possessing such licenses may file applications for new licenses before February 15, 1939, and such applicants may continue operating their cinemas pending decision on their applications. The authorities are to render decisions not later than June 30, 1939. Many changes in licenses covering the rights to operate the 152 motion-picture theaters remaining in Slovakia are expected.

Through a regulation of the Czechoslovak Ministry of Interior of December 2, 1931, all Czechoslovak cinemas, effective January 1, 1932, must run annually 8 programs consisting exclusively of films produced domestically.

CENSORSHIP -

Practically speaking, there is a dual system of censorship in Czechoslovakia, the first reviewing body being the Film Advisory Committee (often called the Pre-screening Commission) which is a consultative body of the Ministry of Commerce and advises that Ministry whether or not a certain picture should be permitted entry. The second or regular censorship is under the Ministry of Interior.

According to preliminary figures, 332 pictures were reviewed by the Pre-screening Commission during 1938 (294 in 1937) and of this number 34 (49) were refused entry permits, including 11 (18) sound features originating in the United States, 15 (21) in Germany*, 3 (2) in France, 2 (2) in Great Britain, 1 (2) in Russia, 1 (4) in Hungary and 1 (0) in Poland.

The ratio of American pictures rejected by the Prescreening Commission to authorized imports was 18.2 percent in 1937, and 6 percent in 1938. The ratio of rejected American pictures to all pictures rejected in those years was 36.7 percent and 32.4 percent, respectively.

The Board of Censors of the Ministry of Interior released 1,102 motion pictures (including sound features, shorts, nature pictures, news reels, and miscellaneous) for showing in 1938, including 326 feature pictures, of which the United States accounted for 176, Germany for 55, and Czechoslovakia for 43. A total of 24 pictures** were banned, including 11 from the United States (45.8 percent of total rejected, 8 from France (33.3 percent), 3 from Great Britain (12.5 percent), and 1 each from Germany and Russia (4.2 percent each). Of the 24 pictures rejected, 5 were later authorized for exhibition. In 1937, there were 14 banned pictures, including 6 from the United States (42.9 percent) of total rejected, 6 from Germany (42.9 percent), and 2 from France (14.2 percent). Of the 14 pictures rejected, 3 were later released for exhibition.

Prescreening and regular censorship are both very strict. It is not possible to enumerate the situations in a film which are prohibited and barred. It is understood, however, that the Prescreening Commission may refuse to permit entry of a picture on any of the following grounds: (There is no specific information at this time to indicate that they have been changed since the Munich Agreement):

* Figures for former Austria included for both years.

** This figure may include some shorts. More detailed data are not available.

1. If it would threaten the basic interests of the country.
2. If it would threaten public order and security.
3. If it might disturb nationality, religious, or political tolerance.
4. If it would threaten the Czechoslovakia democratic system directly or indirectly through propaganda of a dictatorial regime, through unobjective praise of monarchies, aristocratic societies, etc.
5. If it brings to mind and lauds former political conditions in Central Europe.
6. If it would disturb relations between Czechoslovakia and other countries, particularly those which are in agreement with the character of Czechoslovakia's foreign policy.
7. If it would offend "moral and artistic feeling."
8. If it would degrade the citizens of any country.
9. If it would be unacceptable from a standpoint of artistic or technical execution.

The grounds on which the Board of Censors of the Ministry of Interior may reject a film are not specifically enumerated, and that body has a wide latitude of action, for approval is to be refused a film if its exhibition may constitute a criminal act or if it may threaten the interests of the country, public order, or good manners and morals. It is understood that since Slovakia has been given autonomy, features to be exhibited in that Province may also be subjected to a special censorship in that Province.

So far as can be ascertained, Czechoslovakia has formulated no censorship agreements with foreign countries to bar films which are considered objectionable, on protest by a friendly country and vice versa.

COMPETITION -

Germany is the largest competitor of the United States on the Czechoslovak sound feature market, followed by productions of Czechoslovak origin.

Of the total 326 features released by the Board of Censors of the Ministry of Interior in 1938 (349 in 1937), 176 (142) or 54 percent (40.6 percent) originated in the United States, 55 (101) or 17 percent (28.9 percent) in Germany*, 43 (53) or 13.2 percent (15.2 percent) in Czechoslovakia, 26 (24) or 8 percent (6.9 percent) in France, 11 (7) or 3.4 percent (2 percent) in Great Britain, other countries supplying 4.4 percent (6.4 percent).

American films continued to be very well received by the Czech-speaking population of the Republic. A very strong preference for them as against German films developed during 1938, in the months following the annexation of Austria by Germany and prior to the Munich Agreement which resulted in the transfer of the Sudetenland to the Reich early in October 1938. During those

* Figures for Germany in both years include former Austria.

months the distribution of American films dubbed in the German language came almost to a standstill because Sudeten theaters largely refused to book them and insisted on showing only features originating in the Reich. With the Sudeten territory no longer forming a part of the Czechoslovak Republic there exists virtually no possibility of marketing German dubbed versions of American features in Czechoslovakia, except possibly in Slovakia, where there are now only 152 theaters. Comparable to the antipathy in the Czech-speaking areas toward German spoken films prior to the Munich Agreement, was the antipathy toward pictures produced in Great Britain and France which became manifest after the conclusion of the Munich Agreement. This development - although it is expected to be only temporary in character - is well indicated by data covering showings in Prague first-run cinemas during November, 1938. In this month, American pictures accounted for 14 of the total 18 pictures shown, Czechoslovak pictures for 2, French and German pictures for 1 each. On the basis of the first 11 months of 1938, features produced in the United States accounted for 50 percent (41 percent in the same period of 1937) of Prague first-runs, German pictures for 17 percent (23 percent) and Czechoslovak features for 14.3 percent (14.4 percent). As the year closed, American distributors felt that they were receiving 90 percent of the playing time allocated to all foreign films.

Basically, it may be said that leading American motion-picture stars are very popular in Czechoslovakia and that a well-made American picture with prominent stars is preferred to a domestic production, but a locally produced film has distinct preference over a second-rate American feature.

COPYRIGHT RELATIONS -

Reciprocal declarations between Czechoslovakia and the United States were exchanged April 27, 1927. Citizens of one country are assured full copyright protection in territory of the other country. This went into effect March 1, 1927, under United States Copyright Act of March 4, 1909, and Czechoslovak Copyright Law of November 24, 1926, and amendment made thereto in Law of April 24, 1936.

PRODUCTION -

A total of 41 feature films were produced in Czechoslovakia during 1938, including 39 Czechoslovak pictures and 2 German versions, according to preliminary figures compiled by the Association of Czechoslovak Film Exhibitors. In 1937, domestic production recorded an all-time high of 51 features, 45 of which were in the Czech language and 6 in German. Twenty-one companies, most of them film distributors, participated in the Czechoslovak film production during 1938 the "Lucerna" ranking first with 8 feature films. Out of the total of 41 films, 32 or 76 percent were taken in the A-B Studio, at Prague-Barrandov. Most of the others were shot at the "Foja" Studio.

The production facilities of the two above-named studios are considered more than adequate for the volume of domestic features absorbed by the cinemas. Notwithstanding this situation it is rumored in the trade that the "Host" Studio, which has been in financial difficulties since it was opened (and even before) in 1934, and which failed to operate in 1938, will be reopened by the Bata Company, world-renowned shoe concern, to produce between 10 and 12 Czech feature pictures in 1939. The "Aktualita", a local newsreel company which came into existence in 1937, and has semiofficial backing, had a good year in 1938. It has agreements for exchange of newsreel shots with firms in the United States, Great Britain, Russia, and virtually all Continental European countries.

Generally speaking, the local film-producing industry is not too well financed. An indication of this, aside from the "Host" case, is the fact that domestic studios do not undertake many productions themselves but merely "shoot" them for other firms. Out of the 41 domestic features produced in 1938, only 1 was an "A-B" film (none for "Foja"), the remaining 40 having been produced for 21 various local distributors.

Technique is not comparable with American films. Some of the photography is extremely good, but a market limited for most Czech pictures to the local population cannot stand the cost of elaborate sets. This was true before the Munich and Vienna agreements and is doubly so now in consequence of the population losses sustained.

The first "dubbing" of an American feature into the Czech language took place in 1938. There is no objection to American films "dubbed" in the native language, which is the Czech language. However, since the "dubbing" process is relatively costly, particularly for pictures with high dialogue content, and the use of the "dubbed" film would be limited to the Czechoslovak market, the conventional practice is not to "dub" but to superimpose Czech titles. The finishing of these titles outside of Czechoslovakia is not authorized in principle.

Foreign films need not be "dubbed" in the country. The regulations of the Ministry of Commerce, revised to comply with the United States-Czechoslovak Motion Picture Agreement, provide that the importation of exposed motion-picture films is authorized in the Czechoslovak language version and in the language version of the country of production. However, "dubbing" of imported films for exhibition in Czechoslovakia into another language is permitted only in cases where such films were previously "dubbed" in Czechoslovakia into the Czech language.

The Czechoslovak Government assists domestic film production through direct subsidies granted from the proceeds of import permit fees collected on imported features at a rate of 17,500 crowns (\$612.50) per feature and through the granting of Government guaranties (since October 1937) on Czechoslovak motion-picture productions up to 50 percent of the calculated cost of such productions, provided the total amount of such guaranties does not exceed

10,000,000 crowns (\$350,000). In a strict sense, therefore, the subsidies are not derived from customs duty payments nor from direct legislative appropriations; on the average they represent about 12 percent of production costs.

The Ministry of Commerce, which now administers the proceeds of import permit fees, pays to the producers of Czechoslovak sound films, within the limits of these funds, a maximum subsidy of 210,000 crowns (\$7,350) per film under the following conditions, as amended to date:

(a) The producer is to submit the complete scenario to the Film Advisory Committee at least 3 weeks before starting production.

(b) The Film Advisory Committee, under regulations adopted October 27, 1936, shall classify contemplated Czech feature productions into four categories: (1) those which the Committee does not recognize and therefore grants no subsidy; (2) those which the committee recognizes and accords a subsidy of 70,000 crowns (\$2,450); (3) those which the committee recognizes and recommends and accords a subsidy of 140,000 crowns (\$4,900); (4) those which the Committee considers of exceptional quality and accords a subsidy of 210,000 crowns (\$7,350).

(c) Upon approval of the scenario by the Film Advisory Committee and upon submission of proof by the producer that production has been started in a local studio, the Association will pay 70,000 Czechoslovak crowns (\$2,450) to the producer.

(d) The remainder of whatever subsidy is awarded the producer is to be paid to the producer when the finished film is approved by the Film Advisory Committee, which may refuse payment in total or in part if the quality of the film is not satisfactory.

(e) Producers of educational or propaganda films approved by the Film Advisory Committee will receive a subsidy fixed by the Film Advisory Committee.

An accurate figure on the total investment in the Czechoslovak motion-picture industry is not obtainable. Reliable observers place such investments (following the loss of theaters through transfer of territory) at 275,000,000 crowns (\$9,625,000), divided about as follows: Production, 30,000,000 crowns (\$1,050,000); distribution, 50,000,000 crowns (\$1,750,000); exhibition, 195,000,000 crowns (\$6,825,000).

TAXES -

Taxes are very high, existing municipal entertainment taxes averaging 35 percent of gross receipts in sound theaters and 25 percent in silent theaters. For several years the Ministry of Interior had under advisement a draft

of a law which would have lowered these rates to about 20 percent and 15 percent, respectively, and, in addition, would have established differential tax rates for films rated according to cultural value. It is understood that this plan has been abandoned, at least temporarily.

In addition to these assessments on box-office receipts, cinemas, as business enterprises, must pay regular business taxes. For joint-stock companies and limited-liability companies the special profits tax is assessed. The basic rate is 9 percent of the net taxable income plus "profitability surtaxes" which vary according to the amount of earnings distributed. Individuals and establishments engaged in business, except companies subject to special profits tax, are subject to the general profits tax, the basic rate of which is 2.5 percent. In addition, surtaxes ranging as high as 400 percent of direct taxes assessed are collected in behalf of municipalities and other public corporations. New taxes were assessed during 1938 and were replaced, effective January 1, 1939, by certain surcharges to the basic rates.

Distributors pay regular business taxes referred to above, as well as the general 3 percent turnover tax. Branches of American companies operating in this market, together with independent distributors buying films abroad, have avoided the necessity of paying the 12 percent tax on rentals to foreign principals by altering their contracts from a percentage basis to a fixed-price basis.

Aside from the basic 17,500-crown (\$612.50) import permit fee which must be paid when a feature film is imported, there are several fees that must be paid before the feature reaches the actual distribution stage. These supplementary charges vary, depending on the censorship fee, but usually total about 1,900 crowns (\$66.50) per feature.

THEATERS -

According to the Association of Czechoslovak Cinema Owners, there remain within the new territorial confines of the Republic a total of 1,305 theaters. The total seating capacity is 409,653. As against the status obtaining at the close of 1937, the loss in the number of theaters is 29.5 percent and in seating capacity 31.5 percent.

Motion-picture theater admission prices vary from 1 Czecho-Slovak crown (\$0.0345) to 13 Czecho-Slovak crowns (\$0.448), the average being about 4 crowns (\$0.138).

Judged on the basis of theater attendance and audience reaction it may be said that big star features, regardless of whether they are comedy or drama, are best liked. Taking several pictures all equally cast, motion-picture distributors report the following order of preference; (1) adventure pictures, (2) comedies, including musical comedies, (3) dramas.

The gross income at all Czecho-Slovak cinemas in 1937 was placed at 337, 800,000 crowns (\$11,823,000) by the Association of Czecho-Slovak Cinema Owners. The figure for 1938 is expected to be about 300,000,000 crowns (\$10,500,000), the decrease reflecting the effects of the loss of theaters through the transfer of territory in October 1938, as well as of the effects of temporarily decreased attendance during the period of mobilization.

SOUND -

All but 60 of the 1,305 theaters located within the new territorial confines of the Czecho-Slovak Republic are reported wired for sound. This is the smallest number of silent theaters ever recorded, for at the beginning of 1937 there were still 239 cinemas which were not wired for sound, out of a total of 1,847 theaters. The virtual disappearance of silent theaters has naturally diminished greatly the possibilities of effecting new sound installations in the future except for small units, for the few silent theaters remaining are small and programs run only once or twice a week. Considerable American sound equipment is installed in Czecho-Slovakia, mostly on a rental basis. The outlook for new sales depends largely on replacements, and those are few at present because of the continued uncertainty and the resulting reluctance to make investments which are not absolutely necessary. Possible new technical developments in the sound equipment field may at any time, of course, alter the marketing prospects.

EDUCATIONAL FILM DEVELOPMENTS -

Prior to the disturbing events which transpired in Czecho-Slovakia in September 1938, and subsequent thereto, there was an expanding market in that country for both educational motion-picture films and 16-mm. equipment. Although projectors in schools are a recent development, the trade estimates that about 800 projectors had been installed in educational institutions.

Two Czecho-Slovak companies in particular have energetically fostered the promotion of the use of educational films in schools, and they have been backed fully by the Czecho-Slovak Ministry of Education. Teachers and pupils are distinctly "film-minded."

Strict economies which the Government is now finding it advisable to adopt are expected to prove a check on the expansion of the educational motion-picture program. However, if plans materialize, these anticipated Government economies will be partly offset so far as educational pictures are concerned, by the introduction of a regulation which would place annually about 1,000,000 crowns (\$34,500) at the disposal of the Ministry of Education for the purchase of educational films and 16-mm equipment. This regulation is reported as envisaging a change in the allocation of the 20-heller (one-fifth of a Czecho-Slovak crown) fee which is collected from every purchaser of a movie ticket. The proposed regulation would split this fee into two parts, one-half of which would continue to go for unemployment aid and the other half of the Ministry of Education for the furtherance of its educational film activities. It is understood that this proposed system is closely akin to the system employed in Germany.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	1,236,024	\$ 29,291
Negative Sound.....	13,481	\$ 171
1937 - Positive Sound.....	1,375,092	\$ 25,012
Negative Sound.....	31,002	\$ 411

* * *

DANZIG

LEGISLATION -

The regulations concerning foreign exchange in Danzig, established in 1935, remain unchanged. On May 2, 1935, the Danzig gulden was devaluated by 42 percent. This was followed a short time afterward by the introduction of a system for the control of foreign-exchange transactions in the Free City. Persons in possession of foreign exchange, or coming into possession thereof, can dispose of it freely. However, before any importation can be made, a permit must be obtained from the Office for Supervising Foreign Exchange. Such a permit is obligatory, whether payment is to be made in gulden or foreign exchange. For the purchase of foreign exchange with gulden, a permit is also necessary.

There are no laws in Danzig giving other countries preference over American films. Since May 13, 1936, a technical prohibition on the importation of all goods into the Danzig-Polish customs territory has been in force. In order to effect the entry of goods into Danzig, formal permission must be obtained, through the Danzig Chamber for Foreign Trade, from the Polish Ministry of Commerce, Warsaw.

There is no indication that any legislation is contemplated in Danzig which might reduce or prevent the showing of American films. There are no film distributors or exchanges in Danzig, as all pictures shown are rented from film exchanges in Berlin.

Since films are not produced in Danzig, there are no laws requiring that a percentage of domestic films be shown on each theater program.

CENSORSHIP -

The number of films censored from January 1 to October 31, 1938, was 465, none of which were rejected. As all the films coming to Danzig have been accepted previously in Germany, the local censoring of films is purely nominal. Agreements with other countries to bar films which are considered objectionable on protest by a friendly country, have not been formulated, because all the films shown in Danzig have already been shown and approved in Germany.

COMPETITION -

During the first 10 months of 1938, 465 films were shown in Danzig 365, or 78 percent, were German (including Austrian films), while 76, or 16 percent, were American (as compared with 13 percent for the same period in the preceding year). American films are becoming somewhat more popular and would become even more so, were it not that only "dubbed" films are shown.

COPYRIGHT RELATIONS -

The copyright laws of Danzig are based on and are similar to those of Germany.

PRODUCTION -

Motion-picture films are not produced in Danzig. All American films are "dubbed" in Germany in the German language, which is the predominant and official language of Danzig.

TAXES -

According to information received from the Danzig Tax Office, the income tax is higher in Danzig than in Germany; the local turnover tax amounts to 1.5 percent as compared with 2 percent in Germany, and the trade tax varies from 2.7 percent to 10.8 percent, depending upon the amount of profit made.

In addition to the above-mentioned taxes, there is a so-called amusement tax of 15 percent per ticket, which may be reduced to 8 percent or even eliminated in some cases, depending upon the political, moral or cultural value of the films.

THEATERS -

There are 24 motion-picture theaters in the Free City of Danzig. The total seating capacity is 9,369, and admission prices vary between 15 and 45 cents. Light musical comedies are best liked.

SOUND -

All of the 24 theaters are wired for sound, with German equipment.

EDUCATIONAL FILM DEVELOPMENTS -

All the educational films and equipment are obtained from Germany. There appears to be no demand for any other. The only school which shows motion pictures is the Technische Hochschule (Technical High School), Danzig. It occasionally shows films obtained from distributors in Berlin or through German scientific associations.

Children are often taken in classes to see educational films shown at the local theaters. By a decree of the Danzig Senate, all motion-picture theaters in the Free City of Danzig have had to show, since April 1, 1935, in connection with each presentation of a cinema program, a "culture film" (Kulturfilm) at least 250 meters in length, which has been passed by the Danzig film-censoring office as being (1) artistic, (2) educational, (3) cultural, or (4) having political value to the State.

(Export figures included under Poland)

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....		\$ --
Negative Sound.....		\$ --
1937 - Positive Sound.....		\$ --
Negative Sound.....		\$ --

* * *

DENMARK

LEGISLATION -

Motion pictures during 1938, as in previous years, were not affected by the existing system of control of Danish import trade and capital movement exercised by the Foreign Exchange Control Board for the purpose of limiting total imports in order to protect the foreign-exchange position of the country and to divert imports to countries that are the most important buyers of Danish exports. A new foreign-exchange control law, passed by Parliament in December 1937 and effective throughout 1938 and 1939, retains exposed films, if these are not provided with Danish text, on the free list and thus has not operated to restrict the importation of motion-picture films.

There are no laws giving other countries preference over American films, nor are there any quota or contingent laws in effect.

A motion-picture law passed by Parliament on April 13, 1938, and effective as of April 15, revised the existing law and introduced several new features. A Government distributing agency called the Film Central was created by the law for the purpose of distributing Danish films that are not distributed by the producer himself or by independent Danish distributors. The law prohibits the distribution of domestic films by local branches or agents of foreign motion-picture producing companies. The above-mentioned agency is also interested in obtaining and distributing educational pictures and films of a highly cultural and artistic value. A Film Board was also created and will make a close study of developments within the motion-picture industries of foreign

countries, especially as regards what pictures are being produced and their respective cultural and artistic values. It will control the operation of the Government distributing agency and serve in an advisory capacity to all private film distributors doing business in Denmark. The Board also determines whether a picture shall be exempt from taxation and is the last court of appeal in case a decision of the film censor is appealed to the Minister of Justice. A Film Fund deriving its revenue from a tax imposed on all exhibitors earning a net profit of over 12,000 crowns per annum and, among other things, furthering the exhibition of educational, cultural and artistic films was also established.

There are no laws requiring that a percentage of the domestic films produced be shown on each theater program, although the Minister of Justice is empowered to stipulate that a part of the exhibition time be used for showing Danish or foreign films of an educational nature. American film distributors state that the new legislation has had no ill effect on their business.

A decree of the Ministry of Justice dated March 21, 1938, lays down definite conditions that must be met by Danish firms wishing to exhibit films showing the process of manufacture and giving information about the firm's own products. The decree does not apply to advertising films shown before or during a regular motion-picture theater program.

CENSORSHIP -

A total of 2,582 films (including copies and advertising films), with a total length of 1,928,664 meters, were reviewed by the Danish Film Censor in the fiscal year 1937-38, ended March 31, as compared with 2,460 films with a total length of 1,820,897 meters in the preceding year. Feature films (over 1,000 meters) numbered 354 as against 357 in 1936-37, a drop of 3 feature films. Copies of features, however, rose to 290 from 265 the year before. The number of short subjects censored increased by 64, from 372 in 1936-37 to 436 in the year under review. Eight hundred and eighty-five topical films, news reels, etc. were received in 1937-38 (618 films the year previous); 128 comedies, cartoons, etc. (153 the year previous); 237 advertising films under 25 meters (369 the year previous); and 258 16-mm. films (322 the year previous).

Fully 44 percent of the 2,582 films of all types (including copies) examined by the censor in 1937-38, or 1,138 films, were American. This compares with 1,056 films, or 43 percent of the total, in the preceding year. Danish films, with 895, of which 202 were advertising films, were well established in second place despite a slight drop from the total of the preceding year, which was 905, of which 369 were advertising films. German films, although they declined by 97 in number, from 264 to 167, retained their rank of third place, but are being pressed by French pictures, the total of which moved up by 50, from 56 to 106. As a consequence France displaced Sweden which, notwithstanding a gain of 20 pictures to a total of 99 reviewed in 1937-38, dropped to fifth place, closely followed by England with 91 films, a gain of about 117 percent when compared with the 42 films reviewed the year before. In the table which follows are given the number and length of the films (including copies) reviewed by the censor in 1936-37 and 1937-38, classified by country and production.

	1936-37		1937-38	
	No.	Meters	No.	Meters
United States.....	1,056	920,315	1,138	975,580
Denmark.....	905*)	338,942*)	895*)	400,899*)
Germany.....	264	254,175	167	161,540
France.....	56	90,835	106	127,610
Sweden.....	79	105,295	99	108,610
Great Britain.....	42	53,245	91	75,775
Austria.....	25	37,795	19	39,610
Soviet Union.....	7	6,225	18	15,355
Australia.....	-	--	17	4,695
Norway.....	4	300	6	2,135
Switzerland.....	10	1,250	6	715
Czechoslovakia.....	3	7,280	5	2,970
Italy.....	6	1,215	4	8,490
Poland.....	2	3,325	3	775
Finland.....	-	--	3	2,395
Netherlands.....	1	700	2	110
Belgium.....	-	--	2	480
Spain.....	-	--	1	920
Total.....	2,460	1,820,897	2,582	1,928,664

*) Included in the 1936-37 total are 369 advertising films under 25 meters, and in the 1937-38 total 202 advertising films under 25 meters.

From statistics respecting the number of first copies of feature films censored in 1937-38 it will be noted that American pictures retained favorable position in the market:

	No.	Meters
United States.....	191	456,160
France.....	49	125,225
Germany.....	33	82,275
Sweden.....	24	54,710
Great Britain.....	23	52,040
Austria.....	13	33,595
Denmark.....	11	28,680
Soviet Union.....	5	12,800
Italy.....	3	8,485
Czechoslovakia.....	1	2,600
Finland.....	1	2,145
	354	858,715

Only 2 films were rejected in 1937-38. One of these was an American picture which was refused screening privileges on the ground that many of the scenes were too gruesome and horrible. The other film was a Swedish production which was barred because of the political angle to the plot. In the previous year no films were barred. One hundred films were forbidden for children as compared with 91 in the preceding year. In addition to the two rejected films a total of 17 films were tentatively reviewed by the censor, and most of these films were not submitted again for final approval owing to their unfavorable reception by the censor. The year before 16 films were tentatively reviewed. A total of 1,191 meters, or 0.62 percent of the total length was cut from 50 films, or 1.93 percent of the total number, as contrasted with 867 meters (0.47 percent) clipped from 45 films (1.83 percent) the year previous.

All films shown publicly in Denmark must be approved by Statens Filmcensur (the Government Film Censor), Vesterport, Copenhagen. The office of the film censor is under the jurisdiction of the Ministry of Justice. There are (3) film censors, (2) of whom work regularly, while the third is called in to advise in disputable cases. Any protests made respecting the censor's prohibitions are considered by the Film Board created by the recent film law.

Danish censorship is held to be very lenient by local distributors.

No agreements have been formulated with other countries to bar films which are considered objectionable, on protest by a friendly country and vice versa.

Censor fees remain at 6 ore per meter for Danish and foreign feature films and for shorts with a plot. The rate for news reels and advertising films is 3 ore per meter. A surplus of 87,000 crowns was returned by the Danish film censor in 1937. The new motion-picture law provides that the net surplus earned by the censor is to be paid into a special Film Fund which is explained in more detail in the section on Theater Taxes.

COMPETITION -

The largest competitors of American films are the domestic productions. Although only 9 domestic features were produced in 1938, they were made in from 12 to 15 copies and did approximately 50 percent of the total business. American films, which had 174 releases to their credit in 1938, are usually issued in 1 or 2 copies, occasionally 3 and seldom more than 4. American features are supreme as respects foreign films, and the American share of the business done by foreign producers is estimated at about 70 percent.

Danish films are to an increasing extent monopolizing Copenhagen theaters for weeks at a time and occasionally make it difficult for distributors of foreign films to place their films advantageously. It has happened at times that no fewer than 20 of the 49 theaters in Copenhagen and its suburbs have been playing Danish films simultaneously. This circumstance in a few cases has perhaps forced distributors to release their films to theaters which may not be the most desirable premiere houses.

Provincial theater owners stress the importance of a successful Copenhagen premiere for a picture's favorable reception in the smaller towns. A Copenhagen newspaper in giving a list of the 70 best foreign films of the year, selected 40 American pictures, 12 French, 11 German, 4 Swedish, 2 English, and 1 Russian.

The best film of the year in the eyes of the public was without doubt an American colored cartoon film of feature-film length.

As already stated, there is a decided audience preference for American features, and the American pictures continue to enjoy a dominating position among the foreign films released in this market. French films gained a little ground for a while but are reported to have fallen back in the last half year. A marked interest in the Danish market has been evidenced lately on the part of German producers, who are reported to be making several pictures of general interest to Scandinavian countries. During the year under review many of the German films have lacked popular appeal and consequently have been poorly attended.

The table which follows, showing the number of feature films released in 1938, by country of production, clearly depicts the leading position occupied by American pictures:

Feature Films Released in Denmark - 1938

<u>Country of production</u>	<u>Number</u> <u>(first copies)</u>
United States.....	174
Germany.....	33
France.....	26
Sweden.....	19
Denmark.....	9
Great Britain.....	8
Italy.....	2
Austria.....	2
Soviet Union.....	1
Hungary.....	1
	275

Several of the pictures credited to Great Britain in the above table were made by American producing companies in England.

There are some 30 film distributors operating in this market, of which 7 are branches of American producing companies. By far the greater number of the American films imported from the United States in 1938 were brought in by these local branches.

In order to qualify as a distributor of motion-picture films under the provisions of the new law, the applicant must be a Danish citizen, domiciled in the country, 21 years of age of good financial standing and enjoying all civil rights. Each responsible member of all corporations and limited-liability companies must meet these conditions, as well as the managers and majority of the board of directors of Danish stock companies, corporations and other limited-liability companies doing business in Denmark as film distributors. Foreign stock companies or limited-liability companies may operate as distributors in Denmark only through a locally registered branch office. The manager of the branch must meet the requirements listed above. Block booking is prohibited.

COPYRIGHT RELATIONS -

The laws of the country protect copyrights and protect foreign producers from piracy.

PRODUCTION -

Only 9 domestic feature films were produced in 1938 as compared with 13 features in 1937. Palladium and Asa produced 3 films each, while Nordisk Film turned out 2 and Gefion 1. In addition several Swedish versions of Danish "hits" were made at local studios, as well as a number of short subjects. The lower production total in 1938 is due in part, it is said, to a somewhat retarded production schedule of one of the big producing companies owing to the strain placed on the company's budget by the construction of a large, modern motion-picture theater which was opened early in the year. The cost of building this theater is said to have greatly exceeded estimates.

Four of the domestic films were dramas, 4 were farces, and 1 was a musical.

For many years Danish films were marked by a rather broad humor. It would appear now that an attempt is being made to switch over to a new field, more along the lines of the entertaining, light American farces that are well liked locally. The domestic films ranged in length from 2,470 meters to 2,740 meters.

Production costs for most Danish films approximate Kr. 100,000, the maximum ordinarily being about Kr. 150,000. Usually this figure is exceeded by one or two films each year. In 1938 one of the most expensive locally produced films was "Balleten Danser" (The Ballet Dances) which is reported to have cost approximately Kr. 250,000, only to meet with indifferent success.

The table which follows lists the feature films produced by the domestic industry in 1938 and gives the name of the producing company and the type of film:

Danish Film Production - 1938

<u>Name of film</u>	<u>Producing Company</u>	<u>Type of film</u>
Under Byens Tage (Under the City's Roofs)	Gefion	Farce
Champagnegaloppen (Champagne Gallop)	Nordisk Film	Musical
Den Mandlige Husassistent (The Male Hired Girl)	Asa	Farce
Livet paa Hegnsgaard (Life at Hegnsgaard)	Asa	Drama
Balletten Danser (The Ballet Dances)	Palladium	Farce
Den gamle Praest (The Old Priest)	Palladium	Melodrama
Blaavand melder Storn (Blaavand Reports a Storm)	Asa	Drama
En Lille Tilfaeldighed (A Little Coincidence)	Palladium	Farce
Bolettes Brudfaerd (Bolettes Wedding Festival)	Nordisk Film	Farce

No fixed production program has been set for 1939, although the (3) producing companies which operate motion-picture theaters are more or less bound to turn out from 3 to 4 films a year. At present both Asa and Nordisk Film have feature films under way.

Production facilities under present conditions are adequate. Three producing companies, Nordisk Film, Palladium, and Asa, own studios, with about 8 stages in all and there is a fourth studio available, owned by Fotorama Film-bureau A/S Copenhagen, which is not producing feature motion pictures but is specializing in shorts and advertising films.

The industry can hardly be said to be well financed when judged by American standards. Nordisk Films Kompagni is capitalized at 2,000,000 crowns, and the stock is in the hands of less than 10 persons. Palladium has a capital of 500,000 crowns and also has less than 10 stockholders. Asa, although its capital is only 100,000 crowns, appears to have wealthy backers. The remaining 2 production companies, Gefion and Dansk Film A/S, are capitalized at 35,000 crowns and 10,000 crowns respectively, while Fotorama which, as previously mentioned, is not engaged in making feature films, has a capital of 1,500,000 crowns, split up between two companies.

In January 1938 Dana Film and Gefion Film were reported to have reached an agreement calling for a very close cooperation. Later it was reported that Dana Film could not complete a picture it was working on and Gefion Film took over the production and finished it. The two companies are no longer associated, and Gefion Film has announced that in the future it will produce pictures only in its own name.

The technique of the domestic films is much below that of American films. Local pictures seem "stationary," perhaps owing to lack of proper facilities for moving the camera. The make-up of even the leading players is often far from flattering; efforts are being made to remedy this fault through the introduction in several studios of a well-known American make-up system.

The Government subsidizes and renders indirect assistance in the fostering of the domestic motion-picture industry by granting tax-free exhibitor licenses to local producers. In 1937 the Palladium producing company was issued a license to operate a theater, as was also the director of the Nordisk Film Company; the latter company also has a theater. This year one of the backers of the Asa producing company received a license to operate a theater seating up to 2,000 persons on the condition that he maintain a production of 3 to 4 feature films a year and retire as a distributor of motion pictures. This last condition is required by law. The producer in question plans to open his theater in the fall of 1939.

A further measure of assistance is sometimes offered by exempting a picture of especial cultural, artistic, or educational value from the amusement tax of 40 percent of the box-office receipts. Foreign as well as domestic pictures, however, are eligible for this preference.

Direct payment to domestic producers of motion pictures is made occasionally from the taxes paid by motion-picture theater owners and from the surplus earned by the film censor. This year Dansk Kulturfilm (Danish Cultural Film) was granted 70,000 crowns for the production of an educational film.

The new motion-picture law created a Film Fund which will be mentioned in more detail in the section on Theater Taxes. The law stipulates that the fund shall build up a capital derived from the license tax, amounting to 1,000,000 crowns, which must be maintained at that amount after which the income of the fund up to an amount equal to 150,000 crowns annually will be used among other things for the following purposes: to support the production or importation of purely educational pictures as well as any arrangements furthering the use of motion pictures in the field of education; to support the production or acquisition of films advertising Denmark or Danish enterprises; and to support the production of domestic films of a high cultural or artistic value.

Following the creation of the Government Film Central the board of directors of Dansk Kulturfilm, which in 1937 was associated with Nordisk Film in producing an expensive historical picture, decided to seek permission to continue as a producer inasmuch as the distribution of educational films with which it had previously been occupied, is now solely in the hands of the government distributing agency. The production side of the business is not an

entirely new venture for Dansk Kulturfilm, for in addition to the historical film mentioned above it has a number of educational films to its credit. Its continued activity as a producer depends upon the approval of the interested Government departments.

Several local producers have been considering the idea of making a film based on the life of Hans Christian Andersen, the famous Danish writer of fairy tales. In the meantime a company has been formed called A/S H. C. Andersen-Filmen for the purpose of producing such a film. It is hoped to raise a capital of 300,000 crowns through sale of stock to the general public. If the full amount is not subscribed by that date it is quite likely that Government financial aid will be sought. Following completion of the film it is planned to liquidate the company. In the event of a surplus the shareholders will be paid a dividend. However, it is generally felt that those purchasing shares will be doing so rather to support a Danish Hans Christian Andersen film as a national undertaking than with a view to making a profit.

Nordisk Film Company recently closed a contract with the Swedish production company, Svensk Film-Industri of Stockholm, for the joint production of a circus film at the studios of the Danish company. The cast and the dialog will be Swedish. It is reported that the cost of the picture will approximate 325,000 crowns. This considerable sum under local conditions is being invested in the venture in the hope that it will be suitable for showing in foreign countries.

Nordisk Film also is reported to be working closely with the important German company, Tobis, which at present is showing a German version of the Nordisk film, Laila, in German theaters. Nordisk Film is said to have taken 10 of the best of this year's production of Tobis' films in order to place the Danish picture in Germany.

The language of the country is Danish. However, the language question is not a problem in this market. The preference is for films in the original language with a brief super-imposed Danish text at the bottom of the picture. No "dubbed" pictures are shown.

The importation of motion-picture films with Danish text is forbidden by decree of the Ministry of Justice, and all Danish titles must be made locally.

There are no figures available showing the total investment in the production, distribution, and exhibition branches of the Danish motion-picture industry. It may be mentioned, however, that the total capitalization of the 5 companies occupied with producing feature films is 2,645,000 crowns.

TAXES -

The Government tax on box-office receipts remains at 40 percent, with exemptions granted to films of special social or educational value.

For the fiscal year 1936-37, ended March 31 (the latest period for which statistics are available), the amusement tax on motion-picture theater tickets yielded 7,350,650 crowns, as compared with 7,013,133 crowns for the preceding fiscal year. Of these amounts, 3,772,182 crowns were collected from Copenhagen motion-picture theaters in 1936-37 as compared with 3,708,432 crowns in 1935-36.

The motion-picture law of March 31, 1933, provided for a license tax based on the number of seats in the theater and the number of performances given yearly. In 1937-38 these operating licenses yielded 182,800 crowns as against 171,250 crowns in the preceding year. This tax was divided among the various houses as follows:

<u>No. of Theaters</u>	<u>License Fee</u>
126	Kr. 0
58	" 300
25	" 500
37	" 800
96	" 1,800
16	" 2,500
7	" 5,000

The tax schedule was changed by the motion-picture law of April 13, 1938, to a tax imposed on all exhibitors showing a net profit of over 12,000 crowns per annum. In determining the net profit for the year a reasonable amount may first be deducted for depreciation or reserves as well as 6 percent of the capital invested by the exhibitor. The net profit is then calculated by taking the average of the surpluses for the last 3 years, with special consideration being given to the last year's profit if it is lower than the profit in the preceding 2 years. The old taxes remained in force through December 1938, and the revised exhibitors' tax will first be levied on surpluses earned in 1939. The new schedule of theater taxes follows:

Up to 13,000 Kr.	.....	20 percent
Over 13,000 Kr. not over 14,000 Kr.	pay 200 Kr. of 13,000 Kr. and 25 % of bal.	
" 14,000	" " " 15,000	" " 450 " " 14,000 " " 30 " " "
" 15,000	" " " 16,000	" " 750 " " 15,000 " " 35 " " "
" 16,000	" " " 17,000	" " 1,100 " " 16,000 " " 40 " " "
" 17,000	" " " 18,000	" " 1,500 " " 17,000 " " 45 " " "
" 18,000	" " " 19,000	" " 1,950 " " 18,000 " " 50 " " "
" 19,000	" " " 25,000	" " 2,450 " " 19,000 " " 55 " " "
" 25,000	" " " 35,000	" " 5,750 " " 25,000 " " 60 " " "
" 35,000	"	11,750 " " 35,000 " " 65 " " "

On the basis of current receipts some 325 of Denmark's 370 motion-picture theaters should be tax-exempt. Companies or individuals who have been granted licenses to exhibit motion pictures on the condition that the proceeds are to be utilized to support the production by such companies or individuals of domestic films of a certain cultural and artistic standard may be granted a dispensation from the tax.

All money received through the license tax is to be paid into a Film Fund, the purpose of which is to further the exhibition of educational, cultural, and artistic films, support the legitimate stage, and pension actors, widows of deceased motion-picture exhibitors, etc. There has been no change in the import duty of 70 ore per kilogram on exposed film.

THEATERS -

Motion-picture theater owners generally report a satisfactory year and are of the opinion that total gross receipts in 1938 have risen by about 10 percent. Practically all exhibitors state that the recent period has been, in general, a favorable one for operators of motion-picture theaters. Confirmation of this can be had in the fact that there are more applicants than ever before for licenses to operate such theaters. These licenses are usually granted to retired actors, actresses, artists, etc., often in order to yield them a measure of financial assistance. In late years the authorities apparently have been unwilling to grant licenses for theaters in the central part of Copenhagen, and, without exception, until 1938 all new theaters were opened in the suburbs. Several of these new houses in the outlying districts are reported to have had a little trouble in making both ends meet. A change in this policy in the past year is evident from the fact that in 1938 Copenhagen's most modern cinema was opened in the heart of the city and at present two new downtown theaters are being constructed.

The new motion-picture law made few changes in the system of licensing motion-picture exhibitors. Licenses are granted by the Minister of Justice either to individuals or to municipalities. In order to further the domestic production of films of a set standard both culturally and artistically, licenses may be granted to Danish motion-picture producers and finally, in rare cases, licenses may be granted to national organizations formed for a social or educational purpose.

No one may be granted a license for more than one motion-picture theater. The Minister of Justice, however, is empowered to make exceptions to this regulation in cases where special circumstances may make it desirable. Likewise under special conditions the Minister is able to make exceptions to the prohibition against granting a license to an individual or group in any way connected with the distribution of motion pictures. The license is valid for a period of 5 years and will be renewed at the expiration of each 5-year period unless special circumstances intervene.

On April 1, 1938, there were 370 motion-picture theaters in Denmark as compared with 358 on the same date of the preceding year, an increase of 12 houses. Forty-nine of the cinemas are located in Copenhagen, a gain of 5 houses; 142 are found in the Provincial towns, an increase of 3 houses; and 179 are situated in the country districts, a gain of 4 theaters. Only about 185 of the total number of theaters give daily performances. Best estimates place the number of what might be called "active houses" at about 343, including all the 49 Copenhagen houses and 294 of the Provincial theaters. The remaining 27 consist of 24 very small theaters chiefly located in hotels, etc., and 3 traveling cinemas.

No exact information is available regarding the total seating capacity of the Danish motion-picture houses, but an approximation of the total may be had from the table set forth below, which lists Danish cinemas according to seating range:

<u>Number of Theaters</u>	<u>Seating Capacity</u>
246.....	Up to 500
96.....	" " 800
16.....	" " 1,000
7.....	" " 1,200
5.....	Unlimited

Statistics are at hand respecting the seating capacity of the 50 theaters (this total includes a theater opened in December 1938 and therefore differs from the figure given in a preceding paragraph) operating in greater Copenhagen with a total capacity of 32,443 seats.

The Ministry of Justice, in refusing an application for a license to operate a motion-picture theater in Aarhus, which with its 90,000 inhabitants is Denmark's second largest city, stated that 5 cinemas in a city of the size of Aarhus were adequate and suggested that additional seating capacity be provided for by enlarging the existing movies, of which 3 are quite small.

Ten new theaters were opened during the calendar year 1938, of which 4 were in Copenhagen and 6 were in the Provinces. The total seating capacity of these new houses is 5,065, of which 3,498 seats are in new Copenhagen theaters and the remainder, or 1,568 seats, are in new Provincial houses. Several of the provincial theaters cost between 80,000 and 100,000 crowns to construct, while the Palladium in Copenhagen, Denmark's most modern theater, cost close to 1,000,000 crowns. Installations in the new Norreport Bio in Copenhagen, which was opened early in December, have been made with an eye to such future developments as plastic and television films. Early in 1939 a new, modern Copenhagen picture theater seating 800 and located in the heart of the amusement district will be opened on the site of a former legitimate stage.

The trend of the times and the growing competition have forced theater owners to improve and modernize their theaters to an increasing extent. In 1936 Danish provincial cinema owners expended 882,000 crowns for improvements, and in 1937 an amount in excess of 1,000,000 crowns was used for such purposes. Copenhagen exhibitors also have been obliged to keep their houses up to date.

Twenty-three theaters were rebuilt or modernized during the year. Three of the reconstructed theaters were in Copenhagen, one of them being the World Cinema which, although only open in the winter season, was Denmark's largest picture theater, seating about 1,850 persons. Following the reconstruction, which is said to have cost about 400,000 crowns, this theater seats only some 1,500 persons. In a number of the other rebuilt theaters seats were sacrificed to make way for modern improvements. An Aalborg house was made over at a reported cost of 700,000 crowns, while 350,000 crowns is said to have been spent

on a Fredericia theater, 152,000 crowns on a Randers movie, approximately 90,000 crowns on a theater in Aalborg, and 40,000 crowns on a Nakslov cinema.

A rebuilt Copenhagen theater seating 700 as against only 267 previously will open early in 1939. This theater, which is being erected on a new site at a cost of approximately 1,000,000 crowns, is located on the fringe of the downtown district.

Ticket prices have not been changed since 1920, when they were raised to cover the increase in the amusement tax from 20 to 40 percent. Some exhibitors are in favor of considering a general upward revision of the prices at an early date.

Prices of admission for adults at first-run theaters are Kr. 1.05, Kr. 1.40 and Kr. 1.75 and at second-run houses 70 ore, Kr. 1.05, and Kr. 1.40. In the smaller towns the price scale is usually Kr. 1.40 for reserved seats, Kr. 1.05 and 50 ore for children (all prices include a Government tax of 40 percent).

Exhibitors state that the motion-picture public is each year more exacting in its demands. Some of the theater owners are of the opinion that films made from best-selling books and stage "hits" are usually good drawing cards. Generally speaking, the interest of the average Danish movie fan covers a wide range, and most pictures which are well liked in the United States are well attended in Denmark.

The average program usually offers 1 feature film together with a cartoon film, a short comedy, or a scenic picture, and generally lasts about 1 hour and 50 minutes. Several small Copenhagen houses continue to show two full-length films on the same program. Practically without exception the only first releases screened on these double-feature programs are "westerns."

Theater owners state that as a result of the provision in the motion-picture law of April 13, 1938, to the effect that the Minister of Justice may stipulate that a part of the motion-picture theater's exhibition time be devoted to showing Danish or foreign films of an educational nature, numerous requests have been made by various associations and institutions for screening time for their films. In all cases, including that of a film sponsored by the Ministry of Justice's own Committee for Traffic Propaganda, the Ministry has referred such petitions to the Joint Committee of Danish Motion Picture Theater Owners.

It is still the general rule that the larger theaters in most cities give only two performances on weekdays at 7:10 and 9:10 p.m. and four or five shows on Sundays and holidays. A few of the more centrally located houses schedule 2 p.m. and 4 p.m. shows on weekdays. One of the recently built theaters in the Copenhagen amusement district offers an hourly news reel and short-film show beginning at 2 p.m. and continuing until the first feature film show in the evening. Theaters in the smaller towns usually schedule only one show each evening with the exception of Sundays. In the country districts the movies are open only on weekends. In the following table the Danish cinemas are listed according to the number of shows given yearly:

<u>Number of Theaters</u>	<u>Shows</u>
126	Up to 150 yearly
58.....	" " 300 "
25.....	" " 400 "
37.....	" " 500 "
96.....	" " 850 "
16.....	" " 1,200 "
7.....	" " 2,000 "
5.....	Unlimited

The yearly gross income of the theaters continues to mount, and in 1936/37 (ending March 31) it is estimated, on the basis of the amusement-tax returns, that total box-office receipts (not inclusive of the 40 percent amusement tax) aggregated 18,400,000 crowns, which is 900,000 crowns or about 5 percent more than the 17,500,000 crowns taken in during the preceding year.

From statistics pertaining to Copenhagen theaters it appears that the steady increase in cinema attendance continued without interruption throughout 1938. During the first 7 months of 1938 the gross income of Copenhagen theaters aggregated 8,023,180 crowns as compared with 7,200,476 crowns for the like period of 1937, a gain of almost 15 percent. A total of 6,753,906 tickets were sold during the January-July period in 1938.

The latest available data indicate that 37 motion-picture theaters return a net annual surplus in excess of 20,000 crowns. These theaters are divided according to the size of their surplus as follows:

<u>Number of Theaters</u>	<u>Annual Surplus</u> (Crowns)
14.....	20-30,000
9.....	30-40,000
1.....	40-50,000
5.....	50-60,000
2.....	60-70,000
2.....	70-80,000
3.....	80-90,000
1.....	90,110,000

SOUND -

All Danish motion-picture theaters of any consequence whatever are wired for the showing of sound films, and there are no prospects of selling sound equipment to those theaters that are unwired. Present business is confined to service, replacements, and original equipment for the new theaters built each year.

The type of equipment commonly found in cinema theaters with less than 500 seats is the Danish "Bofa," manufactured by the firm of Bang & Olufsen, of Struer, Denmark. Other leading makes are Zeiss Ikon, an American machine, Bauer, A. E. G., and Philips.

Several of the 10 new theaters constructed in 1938 were equipped with Bofa machines, while 2 purchased A. E. G. units and 1 a Zeiss Ikon machine. Data covering 12 of some 23 rebuilt theaters reveal that Bofa equipment was placed in 6 houses, Zeiss Ikon in 3, A. E. G. in 2, and Bauer in 1.

Sales of American sound equipment are limited to the make mentioned above, which is partly manufactured in England and partly in the United States. The business done, however, is confined solely to replacements. Local contacts state that import permits have been granted for a few of these machines from England for the year 1939 for replacement of old equipment in several Copenhagen cinemas.

In addition to the Danish-made Bofa sound equipment there is a local manufacture of the Bauer machines under license by Dansk Kinematograffabrik, Copenhagen. The special patented parts, such as for example the sound head, are purchased from the German factory; other parts are made locally. Perhaps between 50 and 60 percent of the purchase price represents Danish work.

EDUCATIONAL FILM DEVELOPMENTS -

There is a small but growing market for the sale of educational motion-picture equipment. Copenhagen schools have at their disposal 43 16 mm. film apparatuses, costing from 600 to 1,000 crowns apiece, and it is the general impression that this number will be increased in the future. A total of 59 16-mm. educational films are possessed by local schools for teaching purposes; this represents an increase of 29 films in the past year. Fourteen of these films are rented by the School Board from Dansk Kulturfilm. It is expected that a number of foreign educational films will be purchased by the School Board, as it is appreciated that many of the foreign productions have attained a very high standard.

The organization called Dansk Kulturfilm has a stock of about 100 16-mm. films. The films were obtained partly by purchase of domestic or foreign films suitable for educational purposes and partly by the firm's own production. The leading foreign supplier is Reichsstelle für den Unterrichtsfilm, Berlin, Germany. Another organization called Lysbilledforeningen has a library of some 70 educational pictures which are made available to local schools. This organization buys about 8 new apparatuses each year. It receives an annual grant of 15,000 crowns from the municipality. The director serves as adviser to the public schools with respect to their purchases of equipment.

About 175 exhibitions of educational films are given monthly in Copenhagen schools, and it is estimated that some 245,000 pupils see these films each school year.

During the past 4 or 5 years a course of instruction has been offered for teachers who wish to better understand the utilization of 16-mm. films as an educational medium and to become proficient in the operation of projection machines.

As mentioned in preceding paragraphs of this report, a Government distributing agency called Statens Filmcentral (Government Film Central) was created by the new film law for the purpose of obtaining and distributing full-sized pictures for schools and for other educational purposes. This body will continue to work along the lines already established by Dansk Kulturfilm.

The Danish State Railways have made over two old passenger cars into motion picture theater cars showing 16-mm. films. These cars will be used by special excursion trains.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	3,919,631	\$ 84,633
Negative Sound.....	16,859	\$ 312
1937 - Positive Sound.....	3,835,450	\$ 77,631
Negative Sound.....	5,494	\$ 273

* * *

ESTONIA

LEGISLATION -

On the basis of a law of 1931, transactions in foreign exchange in Estonia are controlled. This system has been amended recently by the organization of a Government foreign-trade committee, (established under a special law issued on September 16, 1938, and promulgated on September 20, 1938), which has the control both of foreign-exchange transactions and issuance of import licenses. Under the new procedure, the Bank of Estonia will make grants of foreign exchange only in conformity with the decisions reached by the above-mentioned trade committee.

American films continue to enjoy equal rights with other foreign film productions in Estonia. No preferential laws exist.

As in previous years, motion-picture films can be imported into Estonia only on the basis of quotas fixed by the Ministry of Economic Affairs. On June 15, 1937, the quota was fixed at 180 feature films, to expire on July 1, 1938. In the early part of March 1938, this quota was changed to 192 films, to remain in force until July 1 of the same year. However, imports under this quota allotment were carried on until as late as August 1938, when a new quota

was fixed by the Ministry at 191 films, to remain in force until July 1, 1939, or an earlier revision if necessary. It is estimated that approximately one third, or perhaps slightly more, of the whole will be American productions.

The granting of film import quotas to local licensed film exchanges is not regulated by special quota or contingent laws but is understood to be a part of the general foreign-trade policy of the Estonian Government. The quota allotments for the importation of motion-picture films during the fiscal year ending July 1, 1939, have been distributed as follows:

Licensed Film Exchanges and Film Import Quotas - Estonia

Name of film exchange	Number of films permitted to be imported during period August 1938 to July 1, 1939	Film import quotas previously in effect
Esto-Film.....	55	70
Ars-Film.....	35	41
U.K.S.-Film.....	35	31
Para-Film.....	30	16
An American company.....	20	18
Ed. Thomson.....	16	16
Total.....	191	192

No legislation which might reduce or prevent distribution of American films, except as indicated previously, exists in Estonia. There is none specifically directed against American films. There are regulations in force since March 1, 1937, stipulating that of all screen plays permitted to be imported which measure more than 1,500 meters in length, only one picture can be included in a night's program of local motion-picture theaters.

As regards a card-index system which was proposed for the purpose of a stricter control of film censorship some time during 1937, no steps in this direction have as yet been taken. In the opinion of both the local film-censoring authorities and film exchanges, the control has not become any stricter than it was before and is understood to be applied with perhaps a greater lenience than in certain other Baltic States.

The only kinds of domestic films produced in Estonia are the news reel, or local film "chronicle," and the cultural films. The inclusion of a local film chronicle in theater programs is compulsory. Provisions to this effect are contained in the Estonian Cinema Law of April 11, 1938, which went into effect on April 20, 1938. Paragraph 34 of this law stipulates that motion-picture theaters shall be under obligation, following the procedure as fixed by the Minister of the Interior, to include in their program a local film chronicle picturing outstanding daily events or occurrences of general interest in Estonian political or economic activities, or portraying the life and living of the Estonian people and their occupations, as well as the Estonian fauna and flora.

The same paragraph of the Cinema Law further stipulates that the compulsory local film chronicle may be replaced by other local film productions, following the procedure as fixed by the Minister of the Interior. In a similar manner the compulsory local film chronicle may be substituted for by a foreign film chronicle if the latter has been obtained in exchange for an Estonian film chronicle or other Estonian film productions.

Paragraph 35 of the same law prescribes that the showing of a local film chronicle may be repeated in the same motion-picture theater as a compulsory chronicle film only with the permission of the Film Inspector. Paragraph 37 stipulates that the showing of advertising slides and films in behalf of business firms and enterprises must not take more than 5 minutes of the time required for the screening of one night's program.

CENSORSHIP -

During the fiscal year ended March 31, 1938, 939 films of a total length of 897,323 meters were released for showing by the Estonian Film Inspector. In this total number, 293 films (31.20) of a total length of 318,656 meters (35.56%) were American productions, Germany's share was 221 films (23.53) of a total length of 305,185 meters (34 percent). Other productions which were released for exhibition were Estonian, British, French, Austrian, Russian (U. S. S. R.), Hungarian, Czecho-Slovak, Italian, Lithuanian, Dutch, and Polish. The total number of screen plays exhibited during the fiscal year ended March 31, 1938, included 47 films which were abridged for release by the Film Inspector.

During the same fiscal period 46 films were rejected by the Estonian Film Inspector for their banal contents, injurious effect, and inferior quality. The rejected films are not included in the 939 which were censored for the screen as previously indicated.

Of the 46 films rejected by the Estonian Film Inspector, 26 films, or 56.5 percent, were American shorts and features 7 films, or 15.2 percent, were German productions; 7 films, or 15.2 percent, were Soviet Russian; 2 films, or 4.3 percent, were French; the remainder being Austrian, Czecho-Slovak, British, and Finnish pictures, one of each (2.2 percent). The 26 American films were rejected for their alleged banal contents, murder scenes, gangsterism, and inferior art value.

Requirements as regards censorship of motion-picture films in force in Estonia are set up in chapter 4 of the Cinema Law of Estonia which was issued by the President-Regent as a decree on April 11, 1938, and published in the "Riigi Teataja" (Official Gazette) No. 39 of April 20, 1938, to supersede the previous law of 1935.

Paragraph 15 of Chapter 4 of the Cinema Law in force since April 20, 1938, stipulates that a film in its contents and form shall be required to be nationally constructive and to have educational value.

Paragraph 20 of the law provides that no permit to demonstrate a film shall be granted if a film is contradictory to the requirements of the laws and regulations; or if it may endanger public security and peace and morals; or if it is insulting to religious, art, or national conceptions; or if it treats unfavorably the dignity of the Estonian Government or its organs or institutions; or if it is contradictory to the good usages of the country.

Other paragraphs of chapter 4 of the Cinema Law provide that films, the individual parts or forms whereof do not comply with the requirements of paragraph 20, may be shown after the cuts of such individual parts or forms have been made in a film, following the demands of the Film Inspector.

If no obstacles exist for the exhibition of a film as provided for in paragraph 20, but if a film may endanger the moral, mental, or healthy development of minors, the Film Inspector shall be required to ban the showing of the film for minors under 18 years of age. It is further provided in the law that the title of a film must not be sensational or misleading as to its contents. All prescriptions which are in force respecting motion-picture films and the censoring thereof are also applied to film advertising materials. The importation into Estonia of parts of film texts in the Estonian language is prohibited, except in the cases when the Estonian text is mounted on the film.

Complaints against decisions of the Film Inspector may be submitted to the the Film Board (Filmikomisjon) within 2 weeks as from the date on which a decision was passed, while complaints against the decision of the Film Board, within the same time limit, must be filed with the Minister of the Interior, whose decision will be final, with no appeal from it. The Film Board, under the provisions of the Cinema Law, is composed of the chairman, who is appointed by the Minister of the Interior, and of four members; a representative of the Ministry of Education; a representative of the Army Staff; and an artist appointed by the Minister of the Interior. The Film Inspector attends the meetings of the Film Board with the right to be heard. The law also provides that the Minister of the Interior may withdraw the issued permit if the injurious effect of a film becomes apparent at a public showing. The decision of the Minister of the Interior is final.

According to local film exchanges, censorship of motion-picture films has not become stricter during 1938, and so far as American Film productions are concerned, almost 99 percent of all applications for release permits have been granted by the Estonian Film Inspector since April 1, 1938.

To sum up the general requirements under the Estonian Cinema Law, the film situations which are prohibited and barred from showing in the country are murder and immoral scenes, brutalities, political propaganda speeches, anti-religious acts and speeches, and situations without art value.

No censorship agreements have been formulated between Estonia and other

countries to bar films which are considered objectionable, on protest by a friendly country or vice versa. However, Estonia adheres to the convention for facilitating international circulation of motion-picture films of an educative character which was concluded at Geneva on October 11, 1933. This convention was ratified by Estonia by a law issued by the President-Regent as a decree on March 30, 1938, and published in the "Riigi Teataja" (Official Gazette) No. 37 of April 14, 1938. This law contains a declaration to the effect that while adhering to the Convention, referred to above, Estonia reserves to itself the freedom to make use of such import restrictions and prohibitive measures as it may deem proper in order to protect the domestic market from being flooded by films of foreign origin.

COMPETITION -

German film productions are the largest competitors of American screen plays in the Estonian market. During the 12 months ended March 31, 1938, German screen plays censored for release in Estonia represented 23.53 percent by number and 34 percent by length of the total censored films.

<u>Fiscal Periods</u>	<u>Total</u>	<u>Films Released for screen in Estonia</u>					
		<u>American</u>		<u>German</u>		<u>All others</u>	
<u>April 1 to</u>		<u>number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<u>March 31</u>							
1932-33.....	516	255	49	205	40	56	11
1933-34.....	539	322	60	138	26	79	14
1934-35.....	719	467	65	146	20	106	15
1935-36.....	892	237	27	345	39	310	34
1936-37.....	810	264	33	235	29	311	38
1937-38.....	939	293	31	221	23	435	46

During the 12-months period ended March 31, 1938, American film productions represented 31.20 percent by number and 35.56 percent by length of the total films censored for release in Estonia. In the preceding fiscal year American films represented a share of 33 percent by number, in the total. The highest share which American film productions enjoyed in the total number of all screen releases in Estonia was recorded at 65 percent for the fiscal year 1934-35.

American screen plays are well received in Estonia. The best-liked American films in the original English are those portraying phases of American life in the form of good musical features, farces, and melodramas. It is believed that during 1938 only about 15 percent of the foreign film productions reaching Estonia were destined for reproduction only in Estonia. The others were intended chiefly for all three of the Baltic States. Since only news reels are produced locally, all feature films have to be imported.

COPYRIGHT RELATIONS -

Copyrights are observed, and foreign producers are protected from piracy in Estonia under the terms of the Bern Union.

PRODUCTION -

During the 12 months ended March 31, 1938, the domestic Estonian film production was as follows:

<u>Production during period April 1,</u> <u>1937, to March 31, 1938</u>	<u>Silent</u>		<u>Sound</u>		<u>Total</u>	
	<u>Number</u>	<u>Meters</u>	<u>Number</u>	<u>Meters</u>	<u>Number</u>	<u>Meters</u>
Film "chronicles" (news reels)	14	2,825	34	8,250	48	11,075
Cultural films.....	3	775	9	3,175	12	3,950
Total	17	3,600	43	11,425	60	15,025

The domestic production during the period January 1, 1938, to October 20, 1938, comprised 26 film chronicles of a total length of 6,139 meters, and 11 cultural films of a total length of 5,059 meters, or a total of 37 films of a total length of 11,198 meters, all with sound synchronization.

The Endowment "Eesti Kulturfilm" (The Estonian Culture Film) is the only licensed film producer in Estonia. It has a ground capital of Ekr. 1,000, equipment fund of Ekr. 150,000, and operating capital formed of payments from the Film Fund and of State subsidies.

The Endowment employs a personnel of 16. The offices and laboratory of the Endowment are at 46 Harju tan., Tallinn, while the studio and workshops are at 32 Ruutli tan., Tallinn.

The production during 1938 has consisted of 1 film chronicle per week, released in 5 copies, with a copy for each of the five first-run theaters at Tallinn.

The technique of the domestic Estonian news reel is fairly good, although not comparable with that of American films.

The "Eesti Kulturfilm" has the following revenue: (1) Receipts of local news-reel hire from local motion-picture theaters; (2) receipts from the Film Fund; (3) subsidies under the Estonian State budget appropriations; (4) receipts from the sale of local film "chronicles" abroad.

The Film Fund is maintained at the Ministry of the Interior and is made up of payments of a tax in the amount of 5 senti per each meter of film at the time of first importation into Estonia, and in the amount of 1 sent per meter at each subsequent importation.

The production facilities of the "Eesti Kulturfilm" appear to be quite adequate for making short local news-reel and cultural films, both silent and with sound synchronization, as well as sound-film "chronicles," but are entirely inadequate for the production of sound feature films of American standards.

It is estimated that during the fiscal year ended March 31, 1938, the revenues of the "Eesti Kulturfilm" from the tax on compulsory local news reels were approximately Ekr. 45,000; those from censorship fees, about Ekr. 30,000; receipts from other fees and charges, Ekr. 10,000; and a Government subsidy of Ekr. 25,000, bringing the total annual revenues for the fiscal year 1937-38 to approximately Ekr. 110,000. The equipment fund of Ekr. 150,000 is composed of Ekr. 100,000 which was obtained as a low-rate loan, at 2 percent per annum, for the period of 5 years, and of a lump-sum support of Ekr. 50,000 received from the Government.

There would be no objection to American screen plays "dubbed" in the Estonian language insofar as this is not contradictory to the provisions contained in the Estonian Cinema Law. However, American sound films are preferred in Estonia to be heard in the original English rather than "dubbed" in German.

The official and predominant language is Estonian, which is understood and spoken by all racial minorities (Germans, Russians, Swedes, and Jews) in Estonia.

No regulations exist with respect to "dubbing" of foreign films. Sound films in any foreign language can be exhibited in Estonia, except that the legends on a film must appear in the Estonian language. It is prohibited to import film inscriptions prepared in the Estonian language except in cases when such inscriptions are mounted on the film.

Only the producing phase of the domestic motion-picture industry is subsidized by the Government in Estonia. In 1937 the "Eesti Kulturfilm" obtained a loan of Ekr. 100,000 from the National Mortgage Bank of Estonia (Pikalaenu Pank), at 2 percent interest per annum, for the period of 5 years. In addition, a lump-sum support of Ekr. 50,000 was granted to this organization by the Government in the same year, and Ekr. 25,000 in the early part of 1938. On the basis of these figures it is estimated that of the total investment of approximately Ekr. 260,000 the Government subsidies may cover about half.

Whether the subsidies, granted by the Government in Estonia to the domestic motion-picture industry to promote the production of local news-reel and cultural films, come from customs payments on films imports, or from other sources, is difficult to ascertain. There is no direct legislative appropriation for such subsidies.

It is estimated that the total investment in the Estonian motion-picture industry is as follows: In the production of local news-reel and cultural films Ekr. 260,000; in the distribution activities of the six licensed film exchanges, Ekr. 250,000 to Ekr. 500,000; and in the exhibition activities of some 62 motion-picture theaters, Ekr. 3,500,000 to Ekr. 4,000,000 - bringing the total estimated investment in all phases of the local motion-picture industry to approximately Ekr. 4,700,000.

TAXES -

According to local film exchanges, the film censorship fees are regarded as being somewhat too high in Estonia. Furthermore, the same amount of import duty is charged on motion-picture films at the time of their second and subsequent importation into Estonia as is charged at the time of their first importation.

(a) Taxes and Other Expenses As Paid
by Motion-Picture Theaters.

1. Tax for the display of compulsory local news reel, per week:

As paid by first-run theaters: Ekr. 120 to Ekr. 150,
As paid by second-run theaters: Ekr. 50 to Ekr. 90,
As paid by third-run theaters: Ekr. 10 to Ekr. 30,
As paid by all others: Ekr. 3 to Ekr. 10.

2. Amusement tax:

Motion-picture theaters at Tallinn, 15 in all, pay a tax of Ekr. 95,000 annually. Previously this tax was Ekr. 90,000. At the city of Tartu this tax is charged at 18 percent, at the city of Valga at 12 percent, and at the city of Viljandi at 15 percent of the total gross box-office receipts. It is estimated that the total amount of money paid on amusement tax annually by all motion-picture theaters of Estonia (62 houses in all) is Ekr. 230,000. Of this total tax 10 percent is deducted for the Estonian Red Cross, and 10 percent for the Culture Capital Fund..

3. Trade license tax, payable annually;

For license of the first category, Ekr. 475,
For license of the second category, Ekr. 125.

4. Tax on net profit:

The tax on net profit usually represents 12 percent of gross box-office receipts of theaters.

5. Income tax:

This tax is payable by the owner of a motion-picture theater and corresponds approximately to the tax payable on net profit.

Other expenses as paid by motion-picture theaters, in terms of percentages computed on the basis of annual gross box-office receipts, are as follows:

Specification of
other expenses

Percentage of expenses from annual
gross box-office receipts

6. Turnover tax:	not paid by motion-picture theaters
7. Film rentals:	25 to 40
8. Advertising fees:	3 to 10
9. Lighting costs (for use of electricity):	8
10. Personnel hire:	7 to 10
11. Fire insurance:	1
12. Room rentals:	10 to 12
13. Sundry expenditures:	1

(b) Taxes As Paid By Importers-Distributors.

1. Import duty:

Motion-picture films are dutiable in Estonia at Ekr. 3 per kilogram, in accordance with provision of paragraph 169, subdivision 4b, of the Estonian Import Tariff. For importation the Government import license is required.

2. Control and registration tax (censorship tax):

This tax on motion-picture films is chargeable per each meter-length, as follows: At the time of the first importation, 1 senti in case of strictly scientific or art films, and 5 senti in case of all other film productions; at the time of the second and all subsequent importations, 0.25 senti in case of strictly scientific or art films, and 1 senti in case of all other film productions; on films produced in Estonia and intended for exhibition or export, 1 senti; and on local compulsory film "chronicles" and on imported "chronicles" obtained in exchange for local films or film "chronicles," 0.25 senti.

This tax is computed on the basis of the data relating to the length of films as contained in the shipping documents accompanying the imported motion-picture films; if in doubt, the Film Inspector has the right to check the data relating to the length of films.

Motion-picture films which are not permitted to be imported shall be liable to taxation at 0.25 senti in case of strictly scientific or art films, and at 1 senti in case of all other film productions, per each meter length, for control expenses.

The film censorship tax shall be payable by the applicant to the account of the Motion Picture Film Fund at the Ministry of the Interior at the latest within a week as from the date of censoring of the film.

Other taxes as paid by the importers-distributors are as follows:

3. Turnover tax:

This tax is payable by the importers-distributors at the rate of 2 percent of the turnover.

4. Trade license tax:

In order to import, local film distributors (film exchanges) are required to possess a trade license of the first category. The tax on a license of this kind is chargeable at Ekr. 475 per annum. The film exchange which is operated as a cooperative organization by the Association of Motion-Picture Theater Owners of Estonia pays this tax at Ekr. 450 per annum.

5. Tax on net profit:

Usually 16 percent of the total annual gross receipts of film exchanges are allowed for net profit. The tax thereon varies according to the amount set aside as net profit.

6. Income tax:

Income tax is payable by persons operating film exchanges and varies according to the declared income.

7. In addition to the above listed taxes, the local film exchanges usually bear all expenses connected with the preparation of Estonian "inscriptions" and "legends" on imported motion-picture films.

THEATERS -

The total number of motion-picture theaters in operation in Estonia is 62, of which 15 are at Tallinn.

The total seating capacity of the 62 motion-picture theaters of Estonia is estimated at approximately 19,000. The average admission price of these theaters is 35 senti, and of the 15 theaters at Tallinn, 50 senti.

The films best liked by native audiences are musical features, sensational productions (American), sentimental dramas, and good farces, with stars.

It is estimated that the total yearly gross box-office receipts of all of the 62 motion-picture theaters of Estonia are about Ekr. 1,700,000, of which approximately one-half represents the income of the first-run theaters.

SOUND -

The 62 theaters in operation in Estonia are all wired for the showing of sound films. There are no unwired motion-picture theaters in Estonia.

During the calendar year of 1938, new sound equipment was installed in three first-run theaters at Tallinn and in three provincial houses. The replacements at Tallinn were filled in two instances ("Ars" and "Bi-Ba-Bo") by the German Klangfilm equipment, and in one instance ("Modern") by the German

Zeiss-Ikon equipment. Provincial replacements ("Capitol" at Parnu, "Apollo" at Tartu, and a theater at Marjamaa) were all filled by locally made equipment, with the use of the Dutch Philips loudspeakers.

There appear to be no immediate prospects for further sale of new sound-film reproducing apparatus.

EDUCATIONAL FILM DEVELOPMENTS -

Thus far no market has been established in Estonia for the sale of 16-millimeter educational films nor for the corresponding equipment. Educational films (16 mm.) are not in general use for teaching purposes in schools and colleges in Estonia. Since the film explosion at a school in Kilingi-Nomme about 2 years ago, the use of old-type projection apparatus in school premises has been prohibited in Estonia.

Recently two new projection apparatuses have been purchased by the Estonian Ministry of Education for use in demonstration of 16-mm. educational films to schools. One of these is intended for film demonstrations at Tallinn, and the other at the city of Tartu. Demonstrations take place usually at gymnasiums and sports halls where pupils attend the film.

The Ministry of Education is at present understood to be engaged in the preparation of a plan for an extensive and regulated use of 16-mm. educational films for teaching purposes in Estonian schools and colleges. The details of the plan are not yet known, but it is believed that, when they are finally approved, Estonia will be in the market for a number of 16-mm. film-reproducing outfits. The two projection cameras which were recently purchased by the Ministry are said to have been imported from Germany.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	269,021	\$ 4,334
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	313,338	\$ 6,245
Negative Sound.....	--	\$ --

* * *

FINLAND

LEGISLATION -

There are no exchange restrictions in Finland. The Finnish mark has been equivalent to approximately \$0.022 since 1934. Recently quotations of marks in terms of dollars have declined, following the trend in the sterling-dollar rate.

There are no laws in Finland giving films produced in other countries preference over American films, nor are there any quota or contingent laws in Finland applying to motion-picture films or equipment.

No legislation is contemplated in Finland which might reduce or prevent American distribution of motion pictures, nor are there any laws in Finland requiring that a percentage of the domestic films produced be shown on each theater program.

CENSORSHIP -

The censorship of motion pictures is provided for by three decrees issued by the Finnish Government on October 30, 1935. The first decree itemizes the types of films which shall not be approved for exhibition. The second decree provides for the appointment, by the Finnish Ministry of Education, of a Government Film Censorship Bureau (in Finnish, Valtion Filmitarkastamo), comprising one film censor and three associates who are charged with reviewing films intended for public exhibition, and stipulates the class of amusement tax, if any to be applied. All expenses of the Censorship Bureau are borne by the Finnish Motion Picture Association (in Finnish, Suomen Biografiliitto). The third decree provides for a Finnish Government Film Commission (in Finnish, Valtion Filmilautakunta) of five persons appointed by the Ministry of Education to render final judgment, at the request of the owner of the film and at the owner's expense, on any film not approved for exhibition by the Censorship Bureau.

During the first 6 months of 1938, the Censorship Bureau reviewed 164 "features." The corresponding figure for 1937 was 141. No information is available regarding the number of "shorts" reviewed during the first half of this year. The total number of films reviewed in 1937 was 1,145. Of these, 330 were "features" and 815 "shorts."

During the first half of the current year 5 "features" were rejected. The corresponding figure for 1937 was 10. In the entire year 1937, 21 "features" and 1 "short" were rejected. Of the 5 "features" rejected during the first half of the current year 4 were American, and of the 10 "features" rejected during the corresponding period last year 5 were American. In 1937 American "features" rejected represented 13 out of 21, while the only "short" rejected was American. Practically all of these films were rejected because of their portrayal of crime or acts of violence.

Censorship is not considered strict. Films showing situations which may be regarded as offensive to religious, moral, or legal conduct and principles, as likely to create criminal tendencies or place crime or criminals in a favorable light, which may offend the sanctity of marriage and the home, or contain irritating political or social propaganda are prohibited.

Finland has no censorship agreements with any other countries.

COMPETITION -

Although the number of Finnish "features" shown is relatively small, their box-office value makes them the principal competitors of American films.

Of the "features" reviewed in 1937 by the Censorship Bureau, 56 percent were American, 11 percent German, 10 percent French, and 4 percent Finnish. Of the "shorts," 57 percent were American, 19 percent Finnish, and 13 percent German. Of the "features" reviewed during the first half of the current year, 56 percent were American, 13 percent German, 11 percent French, and 5 percent Finnish.

American films are well received, but it is estimated that the box-office value of one Finnish "feature" is equivalent to that of about six imported films.

COPYRIGHT RELATIONS -

A copyright law providing adequate protection to foreign producers was enacted on June 3, 1937. On April 1, 1928, Finland became a member of the Bern Copyright Convention of November 13, 1908. Finland entered into reciprocal copyright relations with the United States on December 8, 1928, effective January 1, 1929.

PRODUCTION -

It is reported that 20 "features" and about 200 "shorts" will be produced in Finland in 1938. Domestic production in 1937 amounted to 12 "features" and 155 "shorts," and in 1936 to 10 "features" and 128 "shorts." Production facilities are adequate. Because of the language, the market for Finnish films abroad is very limited, but the local market is good. The share capital of the leading producer is 5,160,000 marks (\$113,520) and of the second largest producer 300,000 marks (\$6,600).

The technique is not comparable with that used in American films. The technical equipment is fairly modern, but there is a lack of trained technical and other personnel. There is no objection to American films "dubbed" in Finnish or Swedish, the two official languages of the country. No American films dubbed in these languages have been exhibited in Finland. Finnish is spoken by 90 percent and Swedish by 10 percent of the population, and it is not required that foreign films be "dubbed" in Finland.

No amusement tax is applied on domestic films. Foreign films exhibited together with at least 200 meters of locally produced film are granted a 5 percent tax reduction, and the increase in the production of Finnish "shorts" is attributable chiefly to this provision. Local producers are exempted from the payment of import duty on undeveloped film.

The Finnish Government does not subsidize the local motion-picture industry. However, the tax exemption and reduction mentioned in the preceding paragraph have definitely assisted the Finnish industry. It is estimated that the total investment in the local motion-picture production amounts to about 60 million marks (\$1,320,000). No estimate is available regarding the investment in distribution and exhibition.

TAXES -

According to the laws of December 28, 1929, and of December 21, 1932, motion-picture films exhibited in Finland are subjected to the following taxation: (a) educational and domestically produced films, tax free; (b) art films, 15 percent of admission charge; and (c) other films, 30 percent of admission charge. In practice, however, imported films in the art class are taxed 10 percent and other imported films 25 percent, as 200 meters of Finnish "short" film are usually shown at every performance, thus reducing the tax by 5 percent. Distributors pay the usual income and property tax. Imported films are dutiable at 34 marks (\$0.75) per kilogram under Item No. 462 b (1) of the Customs Tariff.

THEATERS -

There are 282 motion-picture theaters in Finland at present, of which 6 were opened this year. The total seating capacity of these theaters is 82,339. Admission prices range from 6 to 12 marks (\$0.13 to \$0.26) for ordinary seats. The maximum price is paid at first-run theaters in Helsinki. Adventure and historical films are best liked.

It is estimated that the gross receipts from the exhibition of motion-picture films in 1937 amounted to 156 million marks (\$3,432,000), the corresponding figure for 1936 being 125 million marks (\$2,750,000). As the share of the theaters is estimated at about 65 percent of the gross receipts (distributors get about 35 percent), their gross income in 1937 was about 101 million marks (\$2,222,000) and in 1936 about 81 million marks (\$1,782,000).

SOUND -

All of the 282 motion-picture theaters in Finland are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The number of 16-mm. film projectors which have been sold in Finland is about 120. Of these only about 20 are wired for sound. Imports of 16-mm. educational films by the largest distributor increased from 7,882 meters in 1936 to 8,575 meters in 1937. During the first 8 months of the current year 5,405 meters were imported. About 90 percent of the equipment and imported films are of American make. The market for 16-mm. films and equipment is increasing steadily. The demand for such films, it is believed, is supplied principally by the Finnish industry.

More than 50 percent of the 16-mm. film projectors have been sold to schools and educational institutions in rural districts where there are no ordinary motion-picture theaters. In towns, exhibitions of normal-width educational films for teaching purposes are usually arranged in motion-picture theaters in the daytime.

The value of educational films for teaching purposes is fully realized by the school authorities. The Finnish Government pays two-thirds of the value of educational supplies used by rural elementary schools, including motion-picture apparatus and films. It is reported that about 10 Government secondary schools will be equipped with 16-mm. film projectors during 1939.

IMPORTS FROM UNITED STATES --

	Feet	Value
1938 - Positive Sound.....	927,911	\$ 22,536
Negative Sound.....	—	\$ —
1937 - Positive Sound.....	862,581	\$ 16,274
Negative Sound.....	—	\$ —

* * *

FRANCE

LEGISLATION -

There are no laws in France controlling or prohibiting the movement of funds into or out of France.

There are no laws in France giving films from other countries or those produced in France preference over American films. The Franco-American Trade Agreement includes a clause safeguarding American films from such discriminatory action, and as this agreement is still in effect American films continue to be so protected.

The French film quota regulations for the film year July 1, 1938, to June 30, 1939, were published on June 28, 1938, and contain the following provisions:

"Article 1. The present decree will be valid from July 1, 1938, to June 30, 1939.

"Article 2. Under the reservation of the restrictions hereinafter, the importation and the showing in France of exposed films of foreign origin are free.

"The foreign exposed films are subjected to the same regime as the exposed films produced in France, in particular as concerns the application of the visa by the Cinematographic Control Service.

"Article 3 Dubbed films of more than 900 meters, of foreign origin, can be shown in public in France only in the limit of 94 films per semester and under the following conditions:

"1° - The dubbing will have been made entirely in studios located in French territory;

"2° - The original version of these films must have been given for the first time in public showing within less than 2 years, whatever may be the country in which this showing took place; this measure will enter into effect January 1, 1939.

"A written declaration specifying the date of the first showing in public must be furnished, accompanied by documentary proofs.

"Derogations in favor of older films presenting an exceptional interest from the artistic or technical point of view may be granted by the Minister of National Education;

"3° - These films must be presented to the public at the beginning of the showing as 'dubbed films,' with the title in the original language and, eventually, the title under which the film is presented, and with the indication of the names of the artists interpreting the visual part and the indication of the artists interpreting the spoken part. In addition, mention must be made of the country of origin and of the municipality (commune) in which the dubbing took place;

"4° - The inscription for visa will be valid only if the dubbing has actually been made; therefore, it will date only from the time at which, in support of the application file, the dubbed film has been deposited with the Control Service;

"5° - The regulation of the condition of an eventual repartition according to the countries of origin of the films may be fixed later, if necessary, by an interministerial decision.

"Article 4 For exposed films of all kinds coming from foreign countries in which the exploitation of French films is subjected to restrictions, the showing in public in France will be subordinated to the agreements concluded with the Governments concerned.

"Article 5 Under the reservation of the application of article 4, the original films in any foreign language with the exception of animated cartoons (dessins animés) can be shown in public only in five cinemas of the Department of the Seine, and in six cinemas of the other Departments at the rate of a maximum of two cinemas per Department.

"Derogations to this limitation may be granted by the Minister of National Education.

"Original films in the French language made abroad must be presented to the public at the beginning of the showings with the indication of the country of origin, of the studios, and of the names of the technical collaborators.

"Article 6. The films already presented to the Control Service for the second semester of 1938 will be validly inscribed only to the extent that they fulfill the conditions of the present decree.

"The non-observance of any of the above provisions will entail the refusal or the withdrawal of the visa.

"Article 7. The President of the council, Minister of National Defense and of War, the Minister of the Interior, the Minister of Foreign Affairs, the Minister of National Economy, the Minister of Commerce, and the Minister of National Education are charged with the execution of the present decree."

Sections 2 and 4 of article 3 as well as the last paragraph in article 5 were included for the first time in the film regulations this year. Otherwise, the regulations governing the importation of American films into France are the same as last year, and this in spite of strenuous efforts on the part of the local producers to impose further restrictions on the importation and release of American films in France.

There has been no let-up on the part of French interests to circumvent the film protective clauses of the Franco-American Trade Agreement and break down the protection which those clauses provided for the importation and release of American films in France. In contrast to previous years, these anti-American film interests have worked in secret during the past year. They have aimed, first of all, to eliminate the double-feature program in France because by doing this they hope to eliminate the majority of the American films in France. At the present time, a large proportion of the American films in France are shown during the first half of the double-feature programs in the French cinemas.

The French producers believe that if they could make it legally impossible for a cinema to show more than one feature film they could cripple the American industry in France. If they cannot do this, the French producers hope to force out the subsidiaries of the American companies and take over the importation, dubbing, and release of the American dubbed films in France.

Recently, the leaders of the French film producers made a strong effort to have a film decret-loi issued by the Daladier Government under the full powers granted them by Parliament. The film decret-loi had been prepared, but the Daladier Government did not issue it. This proposed decret-loi provided for the elimination of the double-feature program, the collection of all film rentals by a central organization, and that all cinemas should be forced to show a minimum number of meters of educational and documentary films in each program.

It was by this latter means that the leaders of the French producers hoped to circumvent the Franco-American Trade Agreement and eliminate the double-feature program and thereby greatly reduce the showing of American films.

With reference to the contents of this proposed decret-loi, a French film paper had the following to say, giving a very good indication of the aims of the French producers:

"Finally, the proposal aims to make obligatory the programming of documentary films or short reels, in other words, to soften the disastrous effects on our national economy of the double-feature program. The question was even considered of purely and simply forbidding the double-feature program altogether. But unfortunate repercussions would have been caused on account of certain commercial treaties actually in force".

The film decret-loi was not issued, but in spite of this setback certain film interests are pushing plans for further measures to eliminate American films from the French market. The leader of this group has openly stated that he "would force the American group back across the ocean."

If the French producers are unable to eliminate double-feature programs and American films from France, they will try, as stated above, to obtain control of the importation and release of American dubbed films. Already they have asked the French authorities for preferential treatment in the issuance of dubbed visas to the French producers who are now buying and dubbing foreign films, principally American films.

For some time, a group of small French producers has been buying cheap foreign films, spending very little to dub them, and putting them on the market at very low prices. One of these producers might spend a maximum of 25,000 francs to dub a foreign film, whereas the subsidiaries of the American companies spend from 100,000 francs to 300,000 francs preparing and dubbing a film for release in France.

The subsidiaries in France of the American companies have been handicapped during the past 18 months on account of the limitation on the number of dubbed films which may be released in France at the present time. This number, 94 every 6 months is practically used up on the day of the opening for registration of dubbed films at the censors' office. The result is that some of the subsidiaries of the American companies have very few dubbed films to release in France, though they still have to maintain the organizations they had previously when they obtained more dubbed films.

The representatives of the big American companies are unable to await the arrival of the outstanding films of the year and must dub anything on hand in order to make certain that they will obtain some visas. The result is bad all round because the best films are released in the dubbed version much later

than they should be released and there is a race for visas for dubbed films which disorganizes the market. The cost of doing business in France has been increasing on account of this unavoidable race for visas for dubbed films.

During the past year, by a decree promulgated by the French Government, there are formed what is known as the Commission for the Coordination of Cinema Questions.

The Commission will have the practical control of interior affairs of Motion Pictures; its decisions will also be a predominant influence in the matter of importation of foreign films.

The decree organizing the Commission is as follows:

"The Prime Minister, Minister of National Defense and War, the Vice President of the Cabinet, entrusted with the coordination of the services of the Prime Minister's Office, and the Minister of National Education.

DECREE:

"Article 1 - There is instituted at the Prime Minister's office an inter-ministerial commission entrusted with the coordination of the activity of the different ministerial departments concerned with the problems relating to the cinema.

"Article 2 - Each ministerial department will designate a representative to participate in the work of the Commission.

"The following are respectively President and Vice President of the Commission:

"The General Secretary of the Prime Minister's Office.

"The General Director of Fine Arts or his representative.

"The secretaryship of the Commission is assured through the auspices of the General Secretaryship of the Prime Minister's Office.

"Article 3 - The representatives of the ministerial departments may, with the consent of the President of the Commission, send their substitutes (in case they are prevented themselves from attending), who must be functionaries from the same services.

"Article 4 - The President of the Commission may convoke to the meetings, for consultation, functionaries from other services than those of the delegates mentioned above, as well as any other personalities specially qualified by reason of their competency.

"Article 5 - The Commission will establish a general report on the questions submitted to it, which must be deposited before January 1, 1939.

"Article 6 - The General Secretary of the Prime Minister's Office is entrusted with the execution of the present decree, which shall be published in the Journal Officiel.

Made at Paris, September 21, 1938

The Prime Minister, Minister of National Defense and War

EDOUARD DALADIER

The Vice President of the Cabinet

Camille Chautemps

The Minister of National Education

JEAN ZAY

The members of the Commission are as follows:

President: M. Yves Chataigneau, Secretary General at the Prime Minister's Office.

Vice President: M. Georges Huisman, Directeur General des Beaux-Arts.

Members:

Vice presidency du Conseil, Service d'Alsace-Lorraine	M. Flament	Marine Militaire Air	M. Coquelin M. Lasquellec
Economic Nationale	M. Fourmont	Colonies	M. Rocques
Interieur	M. Nativel	Ancien Combattants et Pensionnes	M. Maignien
Affaires Etrangeres	Mlle. Borel		
Finances	M. Chabrun	Agriculture	M. Dabat
Justice	M. Palewski	Education Nationale	M. Barrier
Travaux Publics	M. de Lavit	Commerce	M. Dreyfus
Travail	M. Perrin	Sante Publique	M. Cavaillon
Defense Nationale	M. Calvet	P.T.T. Marine Marchande	M. Bouffard M. Noirot

Secretaire de la Commission: Madame Bacheville.

Secretaire Adjoint: M. Jean Brerault."

The most interesting point about the constitution of this new Commission is the transfer of direction of cinematographic affairs from the Ministry of National Education to the Office of the Prime Minister.

Up to now there are no laws or decrees requiring an exhibitor to show a percentage of domestic films on the screen of French cinemas. French interests attempted to have a decree-law issued by the Daladier Government, as mentioned above, including a provision forcing French exhibitors to show a certain proportion of so-called educational or documentary films. This decree-law was not issued, but the trade still is concerned that an attempt may be made to include the same provision in a cinema bill for consideration by Parliament.

There has been adopted during the year one measure which has the effect of eliminating a certain amount of the playing time from all cinemas and which the trade considers to be the opening wedge of the scheme to request French cinemas to give over so much of their playing time to domestic entertainment that American films will be eliminated from the first half of the programs of the French cinemas.

The measure referred to was one which originated in the Finance Law of December 31, 1937. The measure in question was presented, according to its sponsors, to compel cinemas to employ unemployed musicians and entertainers. The original measure provided that the State taxes on the receipts of cinemas grossing more than 200,000 francs per month would be increased by 25 percent if the cinemas in question did not employ either orchestras or attractions for a minimum period of their program.

There was unusually strong protest from the French cinema owners against the measure and it was not put into force immediately. It was postponed from time to time, but on June 11, 1938, there was published in the "Journal Officiel" a decree, signed by the Minister of Finance, which replaced the above-cited section of the Finance Law of December 31, 1937, and interpreted the tax in question. It provides that the State taxes on cinemas with more than 200,000 francs receipts will be increased by 25 percent if they do not employ orchestras and attractions for a minimum fixed time and furthermore that the State taxes on all cinemas will be reduced by 25 percent if they employ orchestras and attractions.

Dubbed Films Censored From January 1, to December 31, 1938.

	First semester (Jan. 1 to June 30)	Second semester (July 1 to Dec. 31)
American.....	75	73
English.....	3	9
German.....	7	8
Austrian.....	1	-
Italian.....	-	1
Australian.....	1	-
Polish.....	-	1
Mexican.....	1	-
Czech.....	1	2
Russian.....	5	-
Total.....	94	94

It should be noted that many films in this last list have been counted twice, because they have been counted when they were visaed in the original language and they were also listed when they were visaed in the dubbed version.

The following table gives statistics of the number of dubbed films visaed in France, by semesters, from the second semester of 1934 until December 31, 1938. (It will be recalled that the quota law provides that only 94 dubbed films may be visaed per semester, or a total of 188 per year. The cinema year is considered as running from July 1 to the following June 30.)

Dubbed Films Visaed in France.

Origin of film	Second	First	Second	First	Second	First	Second	First	Second
	sem.	sem.	sem.	sem.	sem.	sem.	sem.	sem.	sem.
	1934	1935	1935	1936	1936	1937	1937	1938	1938
American.....	82	70	78	72	73	72	74	75	73
German.....	1	8	6	4	6	7	7	7	8
English.....	6	10	3	9	14	6	10	3	9
Austrian.....	-	3	2	4	4	1	-	1	-
Australian.....	-	-	-	-	-	-	-	1	-
Czech.....	1	-	-	-	1	1	-	1	2
Danish.....	1	-	1	-	-	-	-	-	-
Hungarian.....	-	3	1	2	-	1	1	-	-
Italian.....	2	2	3	-	-	2	1	-	1
Polish.....	-	-	-	1	-	-	1	-	1
Russian.....	-	2	-	-	3	2	1	5	-
Spanish.....	-	1	-	-	-	1	-	-	-
Swiss.....	-	-	-	1	-	-	-	-	-
Mexican.....	-	-	-	-	-	-	-	1	-
Total.....	93	99	94	93	101	93	95	94	94

There is no information available as to the number of films of all origins rejected in the past year, although it is reported that several were rejected. However, in France films are rarely rejected entirely as they usually can be arranged by cutting to satisfy the censors. No American films were rejected. Censorship in France is rather liberal and is principally political.

There are no censorship agreements with other countries. The censors have issued nothing new in the way of instructions to film producers since the translation of a circular on censorship signed by Edmond See, head of the censorship board. The circular was dated October 25, 1937.

The following data show the feature films censored and visaed during the period January 1 to December 31, 1938:

134 films in the French language	1 Spanish film with French commen-
10 French films with French commen-	tary
1 French film in German language	3 Hungarian films in German
14 foreign films produced abroad in	1 Italian film in Italian
the French language	2 Czech films in German
45 German films in German language	1 Czech film in Czech
1 German film in Spanish	17 English films in English
205 American films in English	1 Russian film with Russian
1 American film with English com-	mentary
mentary	2 Polish films in Polish
3 American films with French com-	2 Mexican films in Spanish
mentary	1 Dutch film in Dutch
2 American films in Yiddish	1 Malayan film with French com-
2 American films in German	mentary
5 Austrian films in German	1 American sound film
1 Egyptian film in Arabic	2 Polish films in Yiddish
5 Spanish films in Spanish	1 Belgian film with French com-
2 German films with French commen-	mentary
tary	188 foreign films dubbed into French

TOTAL: 655

Dubbed films visaed for the second semester of the cinema year 1938-39 (that is, January 1, 1938, through June 30, 1939):

American.....	77
English.....	9
German.....	7
Polish.....	<u>1</u>
Total all countries.....	94

COMPETITION -

French films are the largest competitors of American films. Approximately 45 percent of the general-release films in France are American films. This refers to dubbed films, which are the only American films having general release throughout France. There are approximately 150 American dubbed films per year out of a total of 198 foreign films, and about 122 French films produced in France, plus some French films produced abroad, making approximately a total of 350 films which get general release in France.

American films are very well received in France. They come immediately after French films in the taste of the public. The great masses of the French people prefer first of all their good French films and then the good American films.

American films continue to enjoy preference over English and German films. At the present time German films, except the original French versions made in Germany, arouse very little interest in France.

There are two types of release in France of American films:

- (a) Release in the original version is limited to 15 cinemas in all France.
- (b) Releases in the dubbed versions, which are sold throughout France.

Original versions of films may be shown only in 5 cinemas in Paris and 10 in the Provinces. In the Provinces there is very little demand for original versions. The cinemas which specialize in original versions show mostly American films. Approximately 60 percent of all the original versions of foreign films are American films, and undoubtedly a larger percentage of the total business in original versions of foreign films is done with American films.

A better picture of the general release of films throughout France may be obtained from the comparison of release of dubbed foreign films and French films. Dubbed foreign films may be sold freely throughout the country in the same way as French films are sold.

France adheres to the Bern Convention, and protection is afforded film producers who conform to the requirements of the Convention by either presenting a film for the first time in one of the countries which adhere to the Convention, or by "simultaneous publication" in one of the countries that is a member of the Bern Convention and in the United States.

PRODUCTION -

Approximately 116 French films were produced in France during the past year, and 4 or 5 French versions were made in Germany. Production facilities are adequate, but the industry is not very well financed. French banks are still reluctant to discount film producers' papers because the Bank of France will not discount these notes. The financing of French production by English insurance companies has ended. This was due primarily to the fall in value of the franc, which made it far too expensive for French producers to borrow English pounds.

French films are still financed primarily by selling them before production. Usually a French producer gets his story and cast together and then sells the picture, and with this revenue he starts producing. The most important buyers of French films finance the films. The Provincial distributors are the most important in the financing of French films. During the past year foreign concerns have also financed French films, and in at least one case the foreign buyers were called upon to pay additional sums in order that production might go on.

In general, there is no objection to American "dubbed" films. The great masses of the people in France prefer to see films in French, and, if an American film is well dubbed, they like it. The dubbing is only a detail of the

film like all other technical details and is so considered. There are a few journalists who occasionally belittle dubbed films, but they are becoming more and more rare. There is an important clientele who still prefer to see American films in the original version, and this clientele is catered to by the 25 or 30 cinemas in France that specialize in original versions.

There is an increasing number of so-called news-reel cinemas which specialize in news reels but also show old films, particularly old American films in their original version. These cinemas do a very big business. It is estimated that the total of the business in original versions of foreign films equals about 3 percent of the total business of all cinemas in France.

French is the predominating language in the country, and all foreign films must be dubbed in a laboratory in France except the limited number of original-language films permitted by law as discussed above.

The Government does not subsidize French film production. It has granted occasional minimum subsidies for educational films and for the production of one or two entertainment films adapted from stories based on the French navy.

The Government is still directly interested in the Gaumont Franco Film Aubert group known as the G. F. F. A. and names the administrators of the company.

The Government is interested in this big French film company because the Banque Nationale de Credit, which failed several years ago, had advanced 200,000,000 francs to the G. F. F. A., which had previously gone into the hands of receivers. This was one of the most important causes of the failure of the Banque Nationale de Credit. The Government, through the Bank of France, took over the assets of the Banque Nationale de Credit and thus obtained the control of the G. F. F. A. Company.

There is still agitation on the part of certain interests in France to have the Government become more actively interested in production and distribution of films in France. So far, the Government has taken no active part other than its control of G. F. F. A.

The small subsidies which have so far been given to French producers come out of the funds of certain Ministries.

There are no available accurate statistics for the year 1938 of the total investment of the motion-picture industry in France. The statistics are more or less estimates. At a hearing before an investigating committee 3 years ago, the representative of the Chambre Syndicale of the technical industries of the motion picture industry, including the manufacturers of raw films, film laboratories, etc., gave the following statistics for the year 1935:

Distributors.....	50 million francs		
Producers.....	25	"	"
Film-printing laboratories.....	90	"	"
Studios.....	50	"	"
Building contractors.....	50	"	"
Raw-film manufacturers.....	200	"	"

These figures do not include capital invested in the exhibition branch of the industry. No reliable figures for this total are available, but it has been estimated to be at least 1 billion francs.

TAXES -

Cinema taxation in France is extremely high. Cinemas are taxed anywhere from about 11 percent of their total receipts to 37 percent of their total gross revenue. In addition to the numerous business taxes, including an extremely high "patente" tax and special taxes on publicity posters, etc., all of which have been increased during the past year, film distributors pay a 2 percent turn-over tax on every rental, as well as a 9 percent "production tax" on the cost of prints. All State taxes in France were increased by 8 percent during the past year by the "decrets-lois" issued by the Daladier Government.

Import duties are relatively high, and to them must be added what is, in effect, an import duty, namely the cost of dubbing. For, each American film in its original version may not be sold to more than 5 cinemas in Paris and 10 cinemas in the Provinces.

There have been no reductions in the "poor tax" in the past year. The following tables show separately and simultaneously the State and poor taxes collected on each 100 francs receipts of Paris cinemas:

	State Tax	Poor Tax	
First class.....	Frs. 2.20	Frs. 8.75 equals	Frs. 10.95
Second class.....	" 5.40	" 8.75	" " 14.15
Third class.....	" 10.80	" 8.75	" " 19.55
Fourth class.....	" 16.20	" 8.75	" " 24.95
Fifth class.....	" 21.60	" 8.75	" " 30.35
Sixth class.....	" 27.00	" 8.75	" " 35.75

The percentage of the taxes imposed to the total box-office receipts (including taxes and admissions), or the gross receipts which are used for statistical purposes are for each 100 francs of box-office receipts.

Admissions	Taxes	Total box-office receipts	Percentage of total box-office receipts
1st class..... Frs. 100	10.95	110.95	10.95/110.95 - 9.869 percent
2nd class..... " 100	14.15	114.15	14.15/114.15 - 12.396 "
3rd class..... " 100	19.55	119.55	19.55/119.55 - 16.353 "
4th class..... " 100	24.95	124.95	24.95/124.95 - 19.968 "
5th class..... " 100	30.35	130.35	30.35/130.35 - 23.283 "
6th class..... " 100	35.75	135.75	35.75/135.75 - 26.335 "

(The 6th-class cinemas are those which gross more than Frs. 200,000 receipts per month, not employing orchestras or attractions.)

THEATERS -

There are approximately 4,600 cinemas in France, having a total seating capacity of 2,355,000. The average admission price for first-run cinemas in which only foreign films are shown is about 20 francs per seat. The average admission price to other cinemas in France is still between 8 and 10 francs per seat.

During the past year it would appear that the French taste varied and that it is no longer the French comedies which had the major successes but the rather melodramatic type of picture. A number of these films have been produced in France during the past year, and it would appear that more and more will be produced. At the same time, the films of one or two of the French comics have continued to be very successful. The public of the cinemas on the Champs-Elysees which specialize in original versions still prefer the gay light comedies from the United States. The French like American colored films, provided they include a good story and have plenty of action.

The 1938 gross income of cinemas is estimated at approximately 1,300,000,000 francs, or about 42.9 percent above 1937. Unfortunately, the total box-office revenue has not increased in proportion to the unusually heavy increase in the cost of operation and in taxes during the past year.

SOUND -

Approximately 3,750 theaters out of 4,600 are wired for sound films. So far as prospects for future sales of sound equipments are concerned, these include, in addition to new houses, replacement of existing equipments. It is estimated on good authority that approximately 100 new sound equipments can be sold in France at the present time, two-thirds of which represent replacement and one-third new houses.

EDUCATIONAL FILM DEVELOPMENTS -

The market for educational motion-picture films is very limited. Educational institutions are not thinking along the lines of instruction by films to the extent that is true in the United States. This is largely due to the fact that there is very little money available for the production of educational films. Nor do the schools and colleges have sufficient money to pay rentals and thus support production and distribution of educational films.

One of the leading authorities on the subject in France says that the production and use of educational films in France is practically at a standstill.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	6,876,093	\$174,632
Negative Sound.....	131,823	\$ 3,147
1937 - Positive Sound.....	7,930,138	\$151,492
Negative Sound.....	299,786	\$ 9,236

* * *

GERMANY

LEGISLATION -

The entire German film industry is now subject to Government control under the direct supervision of the Ministry of Propaganda. This control includes financial support, credit facilities through the Film-Kredit-Bank, as well as assistance through other means, such as propaganda, etc. Subsidies are paid partly from the proceeds of the amusement tax and partly from other sources. The net receipts from contingent licenses are distributed among German film exporters, but the sums involved are not important. In the absence of the budget or other figures, it is impossible to estimate the total of Government financial assistance to the industry.

The importation of foreign films into Germany is regulated on the basis of annual contingents. The German Film Contingent Decree of July 15, 1930, expired on June 30, 1936, and was replaced by an enabling act of July 1, 1936, which empowered the Minister of Propaganda to establish the conditions under which foreign films might be imported. This was effected by the Decree Concerning the Exhibition of Foreign Films, of July 12, 1936, and extended to Austria by decree of June 14, 1938. Under this decree the number of permits which may be issued for the importation of foreign feature sound films was set at 105. Of these, 60 may be nontransferable licenses issued to German distributors in proportion to the number of films distributed by them; 30 may be transferable "export permits" issued to German film exporters in proportion to the number of films exported; 15 are reserved for the free disposal of the Ministry of Propaganda. The license fee is set at RM. (Reichsmarks) 10,000, which is reduced in proportion to expenditures in Germany for "dubbing," etc. Only the second group (export permits) are of practical interest to the American industry.

This decree also includes a provision to the effect that "permits" may be refused in the case of films submitted by producers who persist in issuing films "whose tendency or effect is injurious to German prestige or which have been produced in a state in which the distribution of German films is hampered by impeding restrictions." This restriction applies also to "films in which

actors participate who have previously appeared in pictures detrimental to German prestige." The definition of what may be considered as "injurious to German prestige" and the application of this restriction is left to the Ministry of Propaganda. In view of the fact that the German authorities are convinced that the American companies, through "impeding restrictions," are responsible for the failure of German films in America, and since furthermore, the regulations are applied in accordance with official "Aryan" principles, the effect is to keep imports of American films at a strict minimum necessary to supplement the insufficient German production of feature films.

Although no formal preference is given other foreign films as against American, in actual practice certain other countries are favored. Thus there is an actual preference in favor of the production of countries with which Germany has compensation agreements or "cooperation agreements." Questions of political propaganda also unquestionably enter into the picture and largely determine the allocation of the licenses at the disposal of the Ministry of Propaganda.

Admission permits of the Austrian Board of Censors have been canceled as of December 31, 1938.

By the decree of August 6, 1937, the permission of the Reich Film Chamber is required for the establishment of any new enterprise for the production, distribution, preparation, or performance of motion-picture films. The president of the Chamber is empowered to grant such permission if he considers the enterprise necessary from the standpoint of the German film industry and if he is assured of the financial soundness of the concern and of its capacity for satisfactory management and production.

CENSORSHIP -

American films coming into Germany are subject to the approval first of the Contingent Office (Kontingentstelle) and subsequently of the Board of Censors (Zensurstelle). The former is a pre-censorship board made up entirely of officials of the Propaganda Ministry, which grants or withholds, as it sees fit, a certificate of "non objection" (Unbedenklichkeitsbescheinigung) without which a foreign film may not proceed to the regular Board of Film Censors. The Ministry of Propaganda exercises its authority in a purely arbitrary manner and is presumably actuated primarily by political consideration. The Board of Censors reviews the film, approves or rejects it, requires cuts and alterations etc. The dubbed German text must also be approved by the Censors.

While the regulations governing the censorship are in themselves not unduly severe, they are so elastic as to give the Board a fairly free hand to prevent the admission of any films against which there might be (from their point of view) any sort of objection. Reasons for rejection are usually rather vaguely phrased, as "artistically inferior," "offensive to National Socialist feelin," etc. Other considerations are sometimes mentioned, for example, "reflecting against German prestige," "detrimental to the honor of the German army," "racially offensive," etc. As compared with such motives for rejection, moral considerations are of secondary importance.

During the season 1937-38, the Board of Censors passed 159 long feature films, of which 93 were of German, 31 of American, and 35 of other foreign origin. In 1937, the Board rejected 2 long feature films, both of American origin; in the first three-quarters of 1938, 10 long feature films were rejected, 2 being American, 2 German, 5 French, and 1 Swedish. These statistics of rejections, however, are misleading because they do not take into account the far larger number of films disallowed by the Contingent Office before reaching the Board of Censors.

COMPETITION -

Since the incorporation of Austria the principal foreign competitors of American films are the French and Italian productions. The following table shows the nationality of films exhibited in Germany in 1936 and 1937:

FEATURE FILMS ADMITTED TO PUBLIC PERFORMANCE IN 1936 AND 1937

Country of origin	1936			1937		
	Number	Percent	Length (m)	Number	Percent	Length (m)
Long feature films (over 1,000 meters)						
Germany	111	60.6	274,518	96	50.8	237,749
United States	33	18.0	74,508	52	27.5	130,288
France	11	6.0	26,105	9	4.8	24,055
Austria	17	9.3	42,301	13	6.9	30,689
Italy	--	--	--	4	2.1	8,841
All others	11	6.1	25,649	15	7.9	35,193
T O T A L	183	100.0	443,081	189	100.0	466,815
Short feature films (less than 1,000 meters)						
Germany	90	95.7	49,094	77	86.5	41,294
United States	3	3.2	2,059	10	11.2	3,606
Others	1	1.1	478	2	2.3	1,774
T O T A L	94	100.0	51,631	89	100.0	46,674

American films are generally well received in Germany and, in the larger cities especially, are often preferred to German films. In Berlin, American films have broken records for length of run in first-run theaters. In the smaller towns, because of the propaganda against foreign (and particularly against American) films, the reception is not always so favorable.

COPYRIGHT RELATIONS -

The interest of the author and producer are fully protected under German law. Recommendations, however, have been made with a view to a better adjustment of existing law to the peculiar problems of film production and to National Socialist conceptions. According to these recommendations, only the author of the film story would be entitled to copyright, but the producer would be protected under the "right of exploitation" (Verwertungsrecht). Legislation to this effect has not yet been enacted, depending somewhat upon similar action in other countries. By a decree dated June 11, 1938, the German laws regarding the handling of music copyrights has been extended to Austria.

PRODUCTION -

For the 1937-38 season, 150 long features (i.e., over 1,000 meters in length) were announced, of which 114 were completed and passed by the Board of Censors. For the 1938-39 season, 137 long features have been announced. German standard-gauge film production for the calendar years 1936 and 1937 was as follows:

German Film Production				
Type of film	1936		1937 *	
	Number	Length (m)	Number	Length (m)
Features:				
Long.....	111	274,518	94	233,289
Short.....	90	49,094	77	41,294
Non-theatrical films.....	1,306	389,727	1,156	357,489
T O T A L	1,507	713,339	1,327	632,072

*) not including 585 narrow-gauge films of 127,070 meters length passed by the Board of Censors.

German requirements for long feature films have been estimated at 200 to 220 annually.

The organization of the German film industry under the control and direction of the Ministry of Propaganda is now complete. This has led to the elimination of financially weak and poorly equipped film concerns, either through liquidation or consolidation. Production facilities are now generally adequate, and there is no difficulty in financing approved projects. Special efforts have been made to assure uniform occupation of the studios throughout the year.

Production technique, though generally of high standard, probably does not reach the quality of the best American productions.

There are no objections to the "dubbing" of American films in German, though, particularly in conversation pictures, it is often difficult satisfactorily to adjust the language to the tempo of American dialogue. Most American pictures shown in first-class Berlin theaters retain the original dialogue with the addition of German captions. In the Provinces complete German text is usual.

"Dubbing" of films for local exhibition must be done in Germany, but a deduction in proportion to the cost is allowed from the license fee.

TAXES -

The amusement tax amounts nominally to 15 percent of the admission fee and is usually absorbed by the film renter. As reductions are allowed for approved films, amounting in exceptional cases to the entire amount of the tax, the actual percentage paid is considerably less than the nominal tax. The fact that

an approved culture film must be shown at every performance automatically reduces the tax to 12 percent or less. During the past year amusement-tax payments averaged $8\frac{1}{2}$ percent of entrance receipts. Total receipts from amusement tax for 1936-37 were RM. 21,100,000 and for 1937-38 RM. 24,800,000. Except for the import contingent fees, film companies are subject only to the usual taxes imposed on German industrial enterprises — that is, income turnover, and corporation taxes. Import duties are insignificant, amounting to RM. 2,000 per 100 kilograms for positives, developed or undeveloped. Developed negatives are free of duty.

THEATERS --

According to the latest census of the Reich Film Chamber, there were 6,317 film theaters in Germany (including Austria), of which about 2,820 were in daily operation. After the incorporation of the Sudetenland the total has been estimated at about 6,800 cinemas. These figures apply only to commercially operated cinemas and do not include places where films are shown irregularly for special purposes without admission charge. By the decree of August 6, 1937, no new enterprise intended for the production, distribution, preparation, or exhibition of films may be established without the permission of the Reich Film Chamber.

The seating capacity of German film theaters (including Austria) is given by the above census as 2,390,706. The average seating capacity of all film theaters is 366. The average seating capacity of German cinemas in 1938 was 391. With the incorporation of Austria the average was reduced to 378 seats. The average admission price is RM. 0.78.

German audiences show no marked preference for particular types of pictures. Pictures notable for cast, story, or technique are highly favored, while there has apparently been some decline in the popularity of period and musical films.

The gross income of German film theaters for the 1937-38 season was RM. 335,000,000 as compared with RM. 282,000,000 in the preceding season.

No satisfactory estimate of capital investment in German film theaters is available, but the total is probably in the neighborhood of RM. 500,000,000, or about RM. 250 per cinema seat.

SOUND --

All theaters in "old" Germany are sound-equipped, but there are some 50 in former Austria which still have only silent equipment. Apparatus used is exclusively of German manufacture and under present circumstances, there is no opportunity for the sale of American equipment

EDUCATIONAL FILM DEVELOPMENTS -

Educational films for school use are produced and distributed by the National Educational Film Bureau, which was established in 1936. This Bureau has so far produced some 500 narrow-gauge films, of which about 175,000 copies have been made and distributed. 29,000 small film apparatuses were available in the German schools at the end of 1938, as compared with 3,500 a year ago.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	379,596	\$ 7,347
Negative Sound.....	4,257	\$ 55
1937 - Positive Sound.....	916,768	\$29,042
Negative Sound.....	53,564	\$ 3,627

* * *

GREECE

LEGISLATION -

Motion-picture films are included in Group A of the Greek import control scheme; with the exception of certain limitations outlined below, their importation is free of quota and exchange restrictions.

In the case of films imported from countries such as Germany and Italy, which have official clearing arrangements with Greece and a trade balance normally in the latter's favor, payment of drafts covering royalties and prints is effected without difficulty. The same is true of the United States and England, which countries do business with Greece on the basis of payment in unrestricted foreign exchange both for imports and exports. In the case of countries such as Poland, Belgium, and Hungary, with which Greece has clearing facilities but an adverse trade balance, payment is delayed until drafts can be settled in chronological order as funds become available in the clearing accounts. In the case of Greek imports from countries like France, with which all trade is subject to private barter arrangements, a premium usually must be paid by the importing firm to an exporter of Greek products for the use of his so-called "compensation exchange permit." In the case of imports from France, this premium currently (October 1933) ranges between 30 and 35 percent.

There are no limitations on the importation and exhibition of news reels and shorts not exceeding 500 meters in total length. These may be imported by anyone in any quantity, and exchange to pay for the cost of prints and about \$125 per reel for royalties is made available in accordance with the general methods described above.

The formalities to be observed in importing feature films from any country may be summarized as follows:

(1) When clearing a film the local importers are required to file with the customs authorities the following documents:

(a) A signed declaration to the effect that the film to be imported will be exhibited for the first time between October 1 and May 1, which period represents the theatrical season in Greece. A detailed record of all the feature films imported is kept by the authorities, and importers are required to report promptly every release in order that the corresponding film may be checked off the records.

(b) A signed declaration specifying whether the film to be imported will be exhibited for the first time and for a full week in a motion-picture theater in Athens charging 20 drachmas (17 cents) and up for an orchestra seat or in a theater charging less than 20 drachmas; also undertaking that in the course of the same week no other feature film will be exhibited in the same theater.

The avowed purpose of this elaborate system is to limit imports of feature films to the actual requirements of the first-run houses during a given theatrical season.

(2) It is forbidden to import feature films intended for exhibition in first-run houses with orchestra-seat admission fees of 20 drachmas or more, if they are invoiced at more than 200,000 drachmas (about \$1,750), including royalty and cost of first print. It is also forbidden to import films intended for release through houses with orchestra-seat prices of less than 20 drachmas which are invoiced at over 60,000 drachmas (\$520). The above invoice values must be certified by the Invoice Control Commission at the port of entry. These commissions are authorized to disallow any amounts exceeding the above-mentioned values. Extra prints of films may be imported and paid for in unrestricted exchange, provided no royalties are included in the invoice.

(3) Exhibitors operating air-conditioned motion-picture theaters are exempt from the requirement of releasing films imported by them only between October 1 and May 1 (paragraph 1 (a) above).

(4) All royalty rights must be shown on the invoice and must be settled at the time of importation of the film. No exchange may be obtained for royalties based on box-office receipts.

(5) All feature films imported into Greece must be cleared only through the Athens and Piraeus Customhouses. The purpose of this measure is to facilitate Government control of film imports and to insure strict enforcement of the foregoing regulations.

Foreign shippers are required to sign and mail the original invoice covering each shipment directly to the Invoice Control Commission at Athens or Piraeus, depending on where the consignee is located. A signed copy of the

same invoice must be mailed to the consignee for presentation by him to the Invoice Control Commission for purposes of verification. Importers usually require three extra unsigned copies to complete the import formalities. To obviate delays in the delivery of mail addressed to an Invoice Control Commission, it is better to use the French title: Commission de Controle des Factures. No street address is necessary - simply the name of the city.

CENSORSHIP -

Film censorship is controlled by the Domestic Press Bureau of the Ministry of Press and Tourism. Existing regulations provide that all films to be exhibited in Greece must be censored and furnished with a numbered license. The license number must be shown under the title of each film, together with a statement as to whether the film has been approved for children and adults. Children under 14 years of age may not be admitted to motion-picture theaters unless the film shown has been approved by the Censorship Board as suitable for children. Preview of films is not required for censorship purposes - only a synopsis of the story with full translation of the dialogue. It is only in exceptional cases or when there is some doubt as to the character of the film that a preview is required. Exhibition licenses are obtainable either before or after the clearance of films through customs. This enables film importers to obtain an advance ruling while the film is still in bond and, in case of refusal, to reexport it without paying the import duty. The Censorship Board may (a) prohibit entirely the exhibition of a film; (b) require the removal of specified scenes or dialogues, or (c) change the title. Appeal against decisions of the Censorship Board may be lodged within 10 days with a Board of Appeals, which is required to render a decision within 48 hours.

Until 1936, film censorship was quite lenient in Greece. Subsequently, it has become very severe as regards communistic propaganda or ideas which may be considered as radical. Films even remotely connected with political or social revolutionary movements, including the French Revolution, are liable to be banned or so mutilated as to make them unsuitable for exhibition. Censorship is also rigid on "detective" or "gangster" films derogatory to the prestige of police authorities or which dramatize criminals and leave crime unpunished; also on films likely to hurt the feelings of friendly nations. As to private morals, censorship is fairly lenient, and society plays are seldom objected to by the Board of Censors. So far as is known, there are no formal film censorship agreements between Greece and other countries. It is generally believed, however, that the Greek Ministry of Press and Tourism looks with special favor upon news reels of Italian and German origin, which are nearly all of a propaganda nature.

Film censorship statistics for the period October 1, 1937, to September 30, 1938, indicate that a total of 394 feature films and 358 "shorts" were censored. Of these, only 14 feature films were completely rejected, while, on a number of films, passages were cut. Of the films rejected, 13 were of American production. According to the Ministry of Press and Tourism most of the films rejected were of the "gangster" and "cowboy" type, but a few were rejected for "subversive propaganda."

COMPETITION -

During the 1937-38 theatrical season (October 1, 1937 to May 31, 1938), American films controlled approximately 60 percent of the Greek trade. Out of a total number of 313 feature films released for exhibition, 187 were American. The latter figure includes films dubbed or produced in the European studios of American companies. There was a rather marked decline in American participation in the Greek film trade during 1938 as compared with 1937. This was due partly to the improvement in French production and partly to the failure of a considerable number of American films to arouse public interest and to prove commercially profitable. Interest in original versions of American feature films was further increased in 1938, and some of the leading theaters ran English-dialogue films for full weeks with satisfactory box-office returns. Other theaters followed the plan of devoting a few days of their weekly programs to the exhibition of original English versions of American films with Greek subtitles.

The number of French films exhibited rose from 25 in 1936-37 to 66 in 1937-38, thus increasing French participation from 7.4 percent to 21 percent. A good many of the French films shown in 1937-38 were by third and fourth rate producers and left much to be desired from a quality standpoint. However, the paucity of good films from other Continental countries compelled exhibitors to turn to France and fill their requirements without much discrimination.

There was a further shrinkage in German film showings in Greece during 1938. The total number of German feature films shown in the 1937-38 theatrical season was 49 as against 60 in the preceding year. This is attributed by the trade to the deterioration of German films during the past 2 or 3 years.

As to the tastes and preferences of the Greek public, society dramas and musical comedies appeal to the more prosperous classes, while among the lower classes there is a big demand for American "action" films. There is also a distinct difference in the tastes of the urban population, particularly that of Athens as opposed to Provincial audiences. The average better-class Athenian has a fairly refined taste which looks for a strong story with human appeal and clever dialogue. In point of language French is preferred, although, as stated elsewhere, original English versions are becoming increasingly popular. On the other hand, in the Provincial districts the type of film which is generally successful is the one which has a great deal of action and a fairly simple and clearcut plot.

COPYRIGHT RELATIONS -

Under the reciprocal copyright protection agreement signed between Greece and the United States on January 27, 1932, American films receive full protection. No films may be shown unless evidence is produced that all import duties and taxes have been defrayed.

PRODUCTION -

Film production in Greece is confined to a few news and advertising reels and the filming of subtitles. There are no studios, and the two films with 100 percent Greek dialogue which were shown in 1938 were produced in foreign studios.

The distribution of films is carried out mostly through independent exchanges, some of which handle a very limited number of films each year. Two American producers maintain branch offices in Greece in the form of companies organized under Greek laws, while the rest of the better-known American producers operate through local distributors.

TAXES -

The present schedule of taxation on motion-picture tickets is as follows:

	<u>Percent of Tax</u>
On admissions up to 10 drachmas.....	10 percent
On admissions of more than 10 drachmas and up to 15 drachmas.....	15 "
On admissions of more than 15 drachmas and up to 20 drachmas.....	20
On admissions of more than 20 drachmas.....	25 "

In addition, motion-picture theater tickets are subject to the following surtaxes:

(1) Contribution to the Artists', Musicians', and Theater Technicians' fund:

- (a) 0.20 drachma per ticket on admissions up to 5 drachmas.
- (b) 0.50 drachma per ticket on admissions of more than 5 and up to 10 drachmas.
- (c) 0.70 drachma per ticket on admissions of more than 10 and up to 30 drachmas.
- (d) 1.50 drachmas per ticket on admissions of more than 30 drachmas.

(2) Surtax of 1 percent on net admission fees for the benefit of the Royal Theater (State-operated) in Athens.

Quite aside from the tax on tickets, motion-picture theaters are subject to a license tax of 20 drachmas per day for forenoon performances, 35 drachmas per day for afternoon performances and 70 drachmas for evening performances. These taxes are levied regardless of the number of shows in each group. For cities of less than 10,000 inhabitants a reduction of 50 percent is accorded. All taxes are payable in advance, but a refund is made on unsold tickets. The daily performance tax is considered particularly onerous for the small second and third-run houses, since it constitutes a disproportionate drain on their meager box-office receipts.

The import duty on positive films, including all surtaxes, amounts to 126 drachmas per kilogram, or approximately 51 cents per pound. In addition, there is a 3 percent excise tax payable at the time of entry, which is calculated on the basis of landed cost (cost of first print and royalties) plus the amount of import duty. The import duty, together with the surtaxes and clearing charges, averages about 0.90 to 1 drachma (\$0.0078 to \$0.0087) per foot, depending on the amount of royalty rights.

THEATERS -

The total number of motion-picture theaters in operation in Greece is about 170. Many of these, however, do not operate regularly and are closed a good part of the year with frequent changes of management. Owing to the absence of adequate ventilating and air-conditioning facilities, practically all indoor theaters close down during the hot summer months. There are only two motion-picture theaters in Greece, both located in Athens, which use some sort of air-conditioning equipment and remain open through the summer. During the summer months a large number of open-air theaters are started, using the projection and sound equipment of the indoor houses. The aggregate seating capacity of all the regular theaters is estimated at about 75,000. There are eight first-run theaters in Athens, totaling about 12,500 seats. Admission prices range from 5 to 35 drachmas (4-1/3 cents to 30 1/2 cents). In Athens and Salonika, first-run houses charge 18 to 25 drachmas (15-2/3 cents to 21-3/4 cents) for orchestra seats, while in Piraeus 16 drachmas (14 cents) is the upper limit. No estimate is available as to the total gross income of all motion-picture theaters in Greece. However, the gross receipts of the eight first-run houses in Athens during the 1937-38 season (including all taxes) is estimated at approximately \$500,000. Net receipts (less taxes) are estimated at about \$375,000.

No new theaters were constructed in Greece during 1938. Only one theater in Athens - the Kronos - was completely done over and converted into a motion-picture house. Two small theaters are now under construction in Athens which will operate as second-run houses.

SOUND -

Nearly all theaters in Greece are now wired for sound. In many cases the equipment used is of the cheapest kind, assembled from imported or locally made parts. Practically all systems used can reproduce sound on film and disk. Cinemecanica (Italian) and Klang (German) have sold rather well in 1938 on account of their comparatively low prices and the payment facilities granted by the manufacturers. For the time being, the prospects for expensive, high-quality sound systems are very limited, because all the important theaters in Athens and the larger cities have good or fairly satisfactory systems.

EDUCATIONAL FILM DEVELOPMENTS -

The market for 16-mm. films is confined almost entirely to the requirements of the Bureau of Educational Cinematography operating under the Ministry of Education. Through public bidding this Bureau has purchased on various occasions and now uses about 100 16-mm. projectors, all of which are of European

manufacture. From time to time the Bureau buys 16-mm. educational films and appears to be particularly interested in American productions, of which it has already bought a considerable number.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	1,457,930	\$48,487
Negative Sound.....	935	\$ 27
1937 - Positive Sound.....	1,063,082	\$35,035
Negative Sound.....	--	\$ --

* * *

HUNGARY

LEGISLATION -

A law prohibiting the transfer of foreign exchange has been in force since July 1931, since which time it has been necessary to obtain the permission of the National Bank of Hungary to transfer foreign exchange or currency from Hungary to a foreign country. There has been no change in this regulation in the past year. There are no laws giving other countries preference over American films, nor are there any quota or contingent laws for films in effect in Hungary. So far as can be ascertained, there is no legislation contemplated which might reduce or prevent American distribution of motion pictures. Exhibitors are not required by law to show a fixed percentage of domestic films in each theater program, but at least 20 percent per annum of the feature films exhibited at each theater must be Hungarian productions.

CENSORSHIP -

The censorship of motion pictures is generally considered strict. All gangster films are rejected, regardless of the moral lesson of the picture; scenes showing people of lower rank offending women of higher rank, erotic scenes, scenes objectionable to common decency, and those showing unbecoming conduct toward women, are prohibited and barred from exhibition in Hungary. So far as is known, Hungary has no censorship agreement with other countries to bar films which are objectionable to them, but no film is allowed to pass the censors which contains scenes that are offensive to a friendly nation, critical of its form of government, or unfavorable to its representatives, past or present.

COMPETITION -

The domestic films and those imported from France constitute the principal competition with American films on the Hungarian market. It is generally estimated that 40 percent of the films shown in Hungary are American. American

films are well received and are preferred to domestic or locally produced films by the more educated classes in the principal cities and towns of the country. In the provincial districts, where the inhabitants understand and speak only Hungarian, the locally produced Hungarian films are preferred.

COPYRIGHT RELATIONS -

The laws of Hungary safeguard copyrights and protect foreign producers from piracy.

PRODUCTION -

During the present year, Hungarian film studios produced 26 feature films, of which the Hungarian Film Studio produced 10 and the Hunnia 16. The domestic facilities for producing films are adequate, and domestic producers are entitled to the use of the studios with their complete technical equipment free of charge. Despite the endeavors to supply the film industry with a sufficient amount of capital, the amount available at moderate interest rates is insufficient, and most of the producers are compelled to use capital obtained at exorbitant interest rates. The technical ability of Hungarian producers is of high standard, and only the lack of capital prevents them from competing with American producers.

There is no objection in Hungary to American films being "dubbed" in the native language, but as the population of the country is scarcely over 10 million, this is unprofitable, and recovery of the expenses involved is all that can be hoped for. Hungarian is the predominant language of the country, and there are no rules or regulations compelling the synchronization of foreign films to Hungarian.

In order to assist domestic production, the Hungarian Government grants the Hunnia Film Studio 180,000 pengos annually from the Hungarian Film Fund to defray the expenses incurred in allowing the free use of the studio by Hungarian film producers. Hungarian producers receive, in addition, four censorship tickets for each feature film produced, one of which is surrendered to the censors when the film is submitted for censorship. The approximate cost of these tickets is 1,350 pengos each, but it rises and falls according to the demand. This assistance is given through the Film Fund, which derives its income from the taxation of foreign films.

The total investment in the local motion-picture industry (shown in the following table) amounts to approximately 8.5 million pengos:

Hunnia Film Studio.....	P. 5,500,000
Hungarian Film Studio.....	1,500,000
Film laboratories.....	500,000
Current productions.....	650,000
Hungarian distributors.....	350,000

TAXES -

Taxation in Hungary is not high when compared with that of other countries. The Budapest motion-picture theaters pay a tax of 4 to 6 percent on gross income, during the period from October 1 to April 30 and 2 to 3 percent from May 1 to September 30. In other parts of the country the amusement tax varies from 5 to 10 percent. Theaters are also required to pay a turnover tax of 3 percent on the amount remaining after the amusement tax has been paid. This tax is the same all over the country. Hungarian distributors must pay a 3 percent turnover tax on the total amount of fees collected.

The Hungarian import duty on films amounts to 250 gold crowns (about \$55.73) per 220 pounds. In addition, the Hungarian Film Fund receives 1,000 pengos as an import certificate fee for each film of more than 1,200 meters in length, and 100 to 500 pengos (on a sliding scale) for films of less than 1,200 meters. The importer of films of over 1,200 meters must purchase the so-called long censor cards, the price of which averaged 1,350 pengos during the present year. Decree No. 175,100/1936 specifies that, for films under 1,200 meters, a short censor card must be submitted, the price of which varied from 80 to 100 pengos during the present year. In addition, the importer must also purchase a control card valued at 7 pengos for each film imported, including copies.

The censorship fee for Hungarian silent films and sound films is 4 fillers per meter, and for foreign sound films 10 fillers per meter. In special cases the Board of Censors may grant an "urgent" supervision of films, the fee for which is double the usual one. Each silent or sound film is assessed 20 fillers per meter if the titles were made in Hungary, and 1 pengo additional Film Fund fee if made abroad.

THEATERS -

There are 524 motion-picture theaters in Hungary, with a total seating capacity of 144,900. The average admission price in Budapest and the more important provincial cities is 1 pengo and in other parts of the country 50 fillers. Native audiences prefer comedies. In general, films containing intellectual problems and long dialogue are liked by only a small part of the theater going public. The yearly gross income at theaters is estimated at approximately 20,000,000 pengos.

SOUND -

It is reported that 483 theaters are wired for the showing of sound film in Hungary. There are no prospects of selling sound equipment, as the theaters still lacking this equipment are so small and insignificant that they must purchase old equipment or the primitive domestic products.

EDUCATIONAL FILM DEVELOPMENTS -

There are small prospects for the sale of foreign educational motion-picture films and equipment in Hungary, although this branch of instruction is now under development. Practice has shown that the pedagogic principles of the countries differ and consequently it was impossible to use foreign material, although experiments were made. According to past experiments foreign culture films can be used only in modified form. The production of Hungarian educational films is in the hands of a Government agency, the Hungarian film Bureau. Equipment used in Hungary is of domestic manufacture, and there is practically no chance of importing foreign equipment, as the firm which handles these equipments also handles the pictures for distribution throughout the country.

According to the original plans, every school and college in the country will have its own equipment and is obliged to use educational films in teaching but, because of the lack of equipment, many schools and colleges are still without them, although the intention is to obtain them as soon as possible. For the present, the equipment is sent from one school to another when needed. Approximately 600 silent and 4 sound apparatuses are in the possession of various educational institutions. Hungarian educational institutions are fully aware of the advantages offered by motion-picture instruction and are studying its development.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	1,020,917	\$26,079
Negative Sound.....	103,524	\$ 4,817
1937 - Positive Sound.....	1,118,764	\$27,783
Negative Sound.....	107,344	\$ 3,597

* * *

ITALY

LEGISLATION -

Ministerial license regulates the importation of motion-picture films to Italy. No discrimination exists whereby the films of other countries are given a preference over those imported from the United States.

On September 13, 1938, the Official Gazette published the text of Royal Decree dated September 4, which established a monopoly for the purchase, importation, and the distribution in Italy, its colonies and possessions, of motion-picture films imported from abroad. This monopoly is now in the hands of the Ente Nazionale per l'Industria Cinematografica, with offices in Rome, a semigovernmental organization.

Following this unexpected measure, the Ente made known to the various distributors that it would entirely take over the acquisition of all foreign films within the limit of the importation quota established for producing countries by the Ministry of Foreign Trade and Exchange.

Under the new system, any organizations which may continue to distribute films in Italy after December 31, 1938, can do so only as agents or subagents of the Monopoly. Moreover, all film-exploitation contracts are required to be on a flat-price basis.

It is reported in Italian circles that among considerations which motivated the Government to make the foregoing radical changes was the intention to limit the outlay of foreign exchange required for foreign pictures. As is known, for the 1936-37 and 1937-38 seasons, the Government had undertaken to allow the exportation of earnings on American films to a total amount of 20,000,000 lire annually. However, this 20,000,000-lire quota represented only a portion of total earnings due to American producers, who in consequence were accumulating large sums of lire blocked in Italy. The Ministry of Trade and Foreign Exchange was said to be opposed to the accumulation of these foreign-owned funds, even though the Government had made no commitment for their transfer.

As a natural corollary of monopoly control and of flat-price contracts, a much larger portion of the earnings from foreign films would remain in Italy unencumbered, utilizable for stimulating the growth of Italian motion-picture production.

The reaction of American film producers to the new regulations has been that the latter so fundamentally hamper business in Italy that to continue sending films to the Italian market was unwarranted. Companies which had their own distributing organizations in Italy have given notice to the local employees for termination of their business, and present reports indicate an intention on the part of the American companies to withdraw from business in Italy at the end of December, 1938.

With the object of assisting the local cinema industry, it continues to be obligatory for theaters to show one Italian picture for every two foreign pictures. This measure is complied with insofar as the supply of national films is sufficient to meet the regulation.

As the projection of motion pictures in anything but the Italian language is prohibited, it is necessary to dub all imported films. This dubbing must be carried out in the country, and films which are dubbed abroad may not enter Italy. With the object of financing the local cinema industry, a dubbing tax exists amounting to 50,000 lire for each film. In addition, there is a surtax applicable to films earning more than 2,500,000 lire. The surtax is applied as follows: 15,000 lire for every 500,000 lire in the excess of 2,500,000 referred to, with a maximum tax of 110,000 lire. (See table later under section on "Production").

The foregoing taxes are reduced by one-half for those films having a length of between 500 and 1,000 meters. The dubbing tax is not applied where the film is less than 500 meters. With the object of assisting the Italian production, producers of national films may dub, free, four films for each national film produced. This tax exemption does not apply to the supplements.

The ban on other than Italian language is not applied to singing sequences, nor does it apply to news reels.

CENSORSHIP -

The censor boards, which pass on all films, imported or otherwise, are generally considered to be rigorous, and their findings are largely based on considerations of morality, national prestige, etc. The boards, or commissions (of which there are several) have in their composition representatives from the Ministry of Popular Culture, Ministry of the Interior, Ministry of Corporations, Ministry of War, the Fascist Party, and the Juvenile Organization.

COMPETITION -

With the advent of the new Monopoly and the stated intention of American companies to withdraw from the Italian field, the current theory among Italians is that French, German, and English films will be sought in greater number than formerly, but the largest remaining source of supply is the Italian production. The outstanding problem for the later spring months of 1939 and for next season is that of obtaining a sufficient number of acceptable pictures to keep the theaters running.

While some of the latterly-produced Italian pictures have been very popular, the proverbial excellence of the American films make it almost impossible to compare these productions. In the case of the American picture, the audience is generally more attracted by the actors and actresses than the plot, which remark does not apply to the Italian picture. There are no outstanding personalities, and more attention is given to the plot than would be the case if Italy had stars as is the case in America.

COPYRIGHT RELATIONS -

Protected by the Statute and regulations of November 17, 1935.

PRODUCTION -

With the creation of the Italian Hollywood, called the Cinecittà, which is described as one of the most up-to-date collections of motion-picture studios in Europe, Italy places at the disposal of producers eight fully equipped studios with all the offices and quarters essential to modern production. These studios are furnished with instruments which are claimed to be the last word in cinema technique. The "città" (city) covers an area of about 600,000 square meters. Many of the recent productions have been turned out at this center.

Details available regarding Cinecitta are to the effect that it is furnished with transparency apparatus; equipped with up-to-date American sound apparatus; has its own staff of permanent camera operators, who use Debrie and American cameras. In addition, there are rooms for cutting and editing films, and all such other quarters and equipment essential to production.

In order of importance, as regards activity, the following are the producing establishments located in Italy; Cinecitta; Farnesina; Tirrenia; Safa, and the Scalera.

During the period 1937-38, 48 pictures were produced in Italy, three of which were in double versions. The average cost per picture was in the neighborhood of 1,875,000 lire; that is to say, about 50,000,000 lire were expended in production during the period under review. Only one of the pictures had an English version.

The State contribution to the industry consists of the dubbing tax; 10 percent from gross revenue of theater earnings during the first 3 years of projection; 15 percent of revenue from 2,500,000 to 4,000,000 lire; 20 percent of revenue from 4,000,000 to 5,000,000 lire; 25 percent of revenue from 5,000,000 to 6,000,000 lire; and 10 percent on foreign sales.

Summed up, the Government's contribution to the domestic industry may be tabulated as follows:

<u>Earnings of pictures</u>	<u>Government subsidy</u>
1,000,000	320,000
2,000,000	440,000
2,500,000	500,000
3,000,000	575,000
4,000,000	725,000
5,000,000	925,000
6,000,000	1,175,000

While precise data covering the investment in the Italian motion-picture industry are not available, this is now estimated at something over 1 billion lire. The exact amount of Government assistance to the industry is not available, but is placed at about 10 million lire per annum, and takes the form of loans to producers. Where a film meets with the approval of the public, the loan is refunded by the producers. The Banca del Lavoro likewise assists producers with loans. In these cases, a guarantee is signed to the effect that such loans will be refunded to the bank upon the showing of the picture. From 1937 of May 31, 1938, this bank has loaned more than 80 million lire to the industry.

TAXES -

The cinema industry, that is to say, theaters and distributors, are taxed

in the same way as any other industrial organization. In addition to income tax, supplementary income tax, etc., there must of course be mentioned the tax levied on the dubbing of films and on cinema tickets, amounting to 10 percent on tickets costing up to 1 lira and 20 percent on those costing more. In certain cities, as Milan and Florence, there is an additional tax of 2 percent.

The customs duties levied on motion-picture films are as follows:

Unprinted:

1. Sensitized 3,740 lire per 100 kilos
 2. Unsensitized..... 1,870 " " " "
- Printed:.....80.70 lire per 100 meters.

THEATERS -

Revised figures place the number of theaters in Italy as of December 31, 1937, at 4,049, with a total seating capacity of 1,643,161. No perceptible increase is recorded in the price of entrance tickets, which vary from 0.60 lira in the smaller centers to 13 lire or more in the first-run houses.

The latest available figure for box-office receipts is 440 million lire, representing an average price per ticket of 1.66 lire for 264 million tickets and 483,554 performances. As of possible interest, it may be stated that the seating capacity of theaters is as follows:

	Seating Capacity
Category Extra.....	9,177
" I	93,414
" II	192,146
" III	337,049
" IV	631,990

SOUND -

The most recent figure relative to the number of theaters equipped with sound apparatus is 3,800. The Italian sound-equipment industry has supplied most of the material, and the percentage of other than domestic machines is so low today as to be almost negligible. Of course, the price element, import restrictions, and tariff barriers have greatly assisted in the development of the domestic industry.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market for the sale of educational motion-picture films in Italy. Even prior to the creation of the motion-picture monopoly, which absorbs all foreign purchases of films of every description, there was no demand

for educational pictures. Sporadic efforts have been made from time to time by producers of such films to arouse the interest of the educational authorities, but with no result. Even in the case of private lectures only lantern slides are used, and no demand exists for 16-mm. films for such purposes.

The Government motion-picture Bureau, "Luce," has (on and off) given the question of 16-mm. educational films a certain amount of attention, but owing to the very precise curriculum observed in the schools and universities of Italy, where no provision is made for instruction with the aid of motion pictures, the efforts of Luce were not met with such response as to encourage them to go into the matter for the time being.

The trade receives only very occasional requests by amateurs for 16-mm. films, and those on sale are mostly of German manufacture.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	1,867,895	\$46,383
Negative Sound	344,909	\$11,788
1937 - Positive Sound.....	2,666,920	\$79,631
Negative Sound.....	330,821	\$18,069

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LATVIA

LEGISLATION -

The law of October 8, 1931, governing transactions in foreign currency is still in force, and foreign currency transactions are required to be handled only by the Bank of Latvia and by certain designated banks. Prior to October 1, 1938, all transactions in foreign currency were subject to the control of the Currency Commission of the Ministry of Finance, which had full control over imports and foreign-exchange remittances. On October 1, 1938, that Commission was incorporated in a new Foreign Trade Department (under the same Ministry), which carries on the functions of the Currency Commission.

There are no laws which give preference to films produced in specific countries, but in practice the import restrictions may be so manipulated as to give preference to films of one country or another. American films have not until recently been discriminated against in this connection, although the general policy of the Foreign Trade Department is to limit imports from the United States, in line with its bilateral foreign-trade policy.

The Foreign Trade Department regulates the import trade through a quota system, quotas being allotted to importers for 3 or 4 months' periods. Importers file petitions for the amounts desired during a given period and the regulating body approves, limits, or disapproves the petitions as it sees fit. Import and foreign-exchange remittance permits are generally granted in accordance with the quota allotment previously approved for that period.

Prior to July 1938, local film importers had no difficulties in importing American films, and sometimes were even allowed to exceed the quotas. However, in July there was a general tightening of restrictions on all articles of United States origin, and American films were affected. Film distributors have been able to import only part of the American films desired. In September, it appeared that the next quotas might drastically limit or even cut off completely imports of American films, but a concerted appeal on the part of the film distributors succeeded in obtaining a fairly liberal allotment for the last 4 months of 1938. It is understood, however, that the allotments granted for that period are for only about 75 percent of the amounts originally requested. If this tendency to limit imports from the United States continues at its present exaggerated extent, the importation of American films may be still further reduced in 1939. There is obviously no need for additional legislation to accomplish this, as the existing laws provide the necessary power to restrict or even to eliminate Latvian imports of American films.

The local film industry is of negligible size, but news reels and a few educational and advertising films are produced. According to article 14 of the Law on Motion-Picture Houses, the display of locally produced news reels in motion-picture houses at some time during each performance is obligatory. Article 16 of the same law provides that these provisions shall not be applied to films of scientific or educational nature used by educational institutions.

CENSORSHIP -

During the first 6 months of 1938, 274 films of a total length of 356,565 meters were viewed by the Film Control Board of the Ministry of Public Relations, which is in charge of film censorship in Latvia. Twenty-five of these films, with a total length of 44,992 meters, were rejected. Forty-four percent (11) of the rejected films were American, 24 percent (6) Soviet Russian, and 20 percent (5) German. One English, 1 French, and 1 of unspecified origin were also rejected. During the calendar year 1937, 40 pictures were rejected, 63 percent being American, 18 percent German, and 8 percent Soviet Russian.

The Law on Motion-Picture Houses of 1924, which with a number of amendments and supplements is still in force, includes the general grounds on which films are rejected in Latvia. The interpretation of these reasons rests with the Board and may vary as the membership of the Board changes or as individual members change their own opinions. According to article 7 of the law, local motion-picture houses may display only such films as have been previously censored by the Film Control Board of the Ministry of Public Relations. Films for clubs and associations must also be censored.

Article 8 of that law specifies that the display of a film may be prohibited if its content insults religious feelings, encourages brutality, or injures the morals of the public, is adverse to the State, is apt to create disorder, or harms good relations with other countries.

The Film Control Board also "cuts" undesirable parts from films which cannot be accepted in their entirety. For example, 42 out of the total number of 274 films reviewed during the first 6 months of 1938 were approved with cuts. Thirty-one percent (13) of these were American, 50 percent (21) German, 3 French, 2 English, 2 Soviet Union, and 1 of unknown origin. During 1937, 93 of the 623 pictures reviewed were approved with eliminations. The reasons for "cutting" the films were of course determined in accordance with the general censorship regulations. In specific cases the grounds noted were as follows: criminal acts, riots, murders, torture, brutality, shooting scenes, scenes offensive to national sentiment, bedroom scenes, pornographic scenes, obscene episodes of night clubs, drunkenness, immorality and scenes which would injure the discipline of the family, scenes depicting gangsters and, in general, scenes of a nature to injure the morals of society.

There are no censorship agreements between Latvia and other countries, but the Film Control Board is quick to prohibit the display of films or parts of films which meet with the objection of official foreign representatives stationed in Latvia on the grounds that such films might harm good relations between the countries.

COMPETITION -

German producers are the principal competitors of American films in Latvia. During the first half of 1938, 39.5 percent of the 274 films reviewed by the Film Control Board were American, 33.3 percent German, 6.8 percent French, 5.6 percent Soviet Russian, 4 percent English, 3.5 percent Austrian, 2.3 percent Latvian, 1.4 percent Czecho-Slovakia, 1.3 percent Italian, and 2.3 percent from other countries. In 1937, of the 623 films reviewed 45 percent were American, 23.8 percent German, 5.6 percent English, 4 percent Austrian, 2.4 percent Soviet Russian, 2.2 percent French, 1.3 percent Italian.

Locally produced films are mostly news reels, which do not compete with American pictures. Films of United States origin are popular in Latvia, although the English language is understood by only a small proportion of the public. Consequently, American films "dubbed" in the German language are better attractions than those in English. American films are not always clearly understood by the local population, but they are well received, even though German pictures are probably more readily understood.

COPYRIGHT RELATIONS -

The Latvian Copyright Law became effective on May 15, 1937, and abolished the former Russian law which previously governed copyright matters in Latvia. Article 2 of this law covers all literary, artistic, and scientific works, including motion-picture films.

PRODUCTION -

Feature films are not produced in Latvia. During the first 6 months of 1938, 30 news reels of a total length of 6,118 meters, 3 educational films of 1,878 meters and 5 advertising films of 173 meters were produced by the domestic industry. As is evident from the nature of the pictures produced, production facilities are limited, and practically all pictures are photographed in the open. The producers are for the most part private individuals, the amount of whose capital is believed to be negligible. Their film technique obviously cannot be compared with that of the film industry in the United States.

At the close of 1935, the Latvian State Electrotechnical Factory "VEF" (which is controlled by the Government) completed the installation of a motion-picture film laboratory with facilities for the production of sound films. Formerly such films had to be sent abroad for synchronization. Plans to expand the local motion-picture industry have so far not been carried out, because of lack of capital and experience.

There would be no objection to "dubbing" films in Lettish, the predominant language of the country, but the size of the market is not large enough to make this practical. (The population of Latvia is approximately 1,950,000, and there are about 100 motion-picture theaters operating in the country). No regulations exist in Latvia requiring the "dubbing" of foreign films, although Lettish subtitles must appear on all films displayed. As has been mentioned, American films are frequently "dubbed" in German, which is understood by a large part of the population.

The Latvian Government has invested a certain amount of capital in the motion-picture film laboratory of its State Electrotechnical Factory "VEF", referred to above, but it has not financed any other individuals or firms engaged in making motion pictures, nor does it grant any subsidies.

No information is available as to the capital invested in the local film industry, but it is, in any case, a negligible amount.

TAXES -

Taxation of motion-picture theaters in Latvia is comparatively high and consists of a trade license tax and a turn-over tax. The trade license is levied on the basis of the annual turn-over during the previous year. It is assessed as follows: 300 lats on a turn-over of more than 200,000 lats, 150 lats on a turn-over from 100,000 to 200,000 lats, and 80 lats on a turn-over of 50,000 to 100,000 lats.

The so-called turn-over tax is levied on the admission price; on motion-picture theaters in the city of Riga it is assessed as follows:

On tickets up to 1.20 lats.	25 percent
On tickets from 1.21 to 2 lats	30 percent
On tickets over 2 lats.	35 percent

A reduced tax of only 15 percent is charged on tickets to scientific and educational films and films for minors, provided the admission price does not exceed 1 lat, and provided such films are displayed before 6 p.m. on week days and before 2 p.m. on holidays and Sundays.

In theaters in provincial towns the turnover tax averages 20 percent of the price of admission, except in the case of educational films, when the tax is 15 percent.

Importers (distributors) are subject to a trade license tax similar to that paid by motion-picture theaters and to an import license tax as well. The import license is based on the total value of imports during the preceding year, and is levied on the basis of the following scale:

<u>Annual value of imports</u>		<u>Import license fee</u>
	5,000 lats	250 lats
each subseq.	1,000 lats	50 lats
	50,000 lats	2,500 lats
each subseq.	1,000 lats	30 lats
	100,000 lats	4,000 lats
each subseq.	10,000 lats	200 lats
	500,000 lats	12,000 lats

The Latvian import duty on films amounts to 20 lats per kilogram (including the immediate container of the film), maximum rate, and 10 lats per kilogram, minimum rate. Films originating in the United States and accompanied by an appropriate certificate of origin are subject to the minimum rates.

In addition to the above taxes importers pay a special tax for the benefit of the Latvian Culture Fund at the rate of 0.15 lat a meter on imported exposed films displayed.

THEATERS -

In Latvia there are about 100 motion-picture theaters, all of which are wired for sound. The total seating capacity is about 20,000, and the average admission price in the first-class theaters is 1 lat; in the second-class theaters 0.75 lat, and in the third-class theaters 0.50 lat. Sentimental dramas and musical comedies are preferred.

In 1937 the gross income of the 34 motion-picture theaters in the city of Riga amounted to 3,104,645 lats, as compared with 3,081,857 lats in 1936. The gross income of the theaters in the provincial towns is not available, but it is estimated that their total annual average income is approximately 2,000,000 lats.

SOUND -

All motion-picture theaters in Latvia are wired for sound, the majority of the equipment being of German make. The market for sound equipment is not considered favorable at the present time, as there are no new theaters under construction or, as far as is known, planned for construction. Furthermore, existing Latvian import restrictions make it very difficult to obtain permits for American products, while they do not in any way impede Latvian purchases from Germany.

EDUCATIONAL FILM DEVELOPMENTS -

The market in Latvia for 16-mm. educational motion-picture films has hardly been touched, although the schools are interested in the possibility of doing more in this type of instruction. The Assistant Director of the Latvian Department of Schools states that a few schools use educational motion-picture films for teaching purposes, and that the Ministry of Education wishes to investigate the possibilities of expanding this phase of its program. It has requested some of the local film distributors to furnish samples of such films, and it is understood that several German film producers have already submitted examples to the Ministry. The Ministry is also interested in films produced in other countries, and would like to receive descriptive literature and, if possible, sample 16-mm. educational films from American producers.

The small amount of equipment now in use in the Latvian schools has been supplied by the State Electrotechnical Factory "VEF", which produces projectors. As that company is Government-owned, it is probable that it will be favored in purchases of this kind, although this should not mean that higher-quality equipment of foreign manufacture might not also be purchased. It might be noted that there are more than 2,000 schools in Latvia where such motion-picture films might potentially be displayed.

The Ministry of Education also mentioned that a local publishing house which does a large schoolbook business, "Zemnieka Domas," Blaumana iela 38-40, Riga, is interested in importing and distributing 16-mm. educational films. This firm has had no experience in the motion-picture business but is in close touch with the Ministry of Education and with the schools.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	418,049	\$10,200
Negative Sound.....	—	\$ —
1937 - Positive Sound.....	510,605	\$ 9,476
Negative Sound.....	—	\$ —

LITHUANIA

LEGISLATION -

The law for the control of foreign-exchange transactions, in effect since October 1, 1935, was prolonged for another year by a decree of the Cabinet of Ministers promulgated September 30, 1938. Stricter regulations were also introduced on July 25, 1938. No special difficulties, however, have been or are being encountered by local importers and distributors of films in obtaining the necessary permits from the Foreign Exchange Commission.

There are no laws in effect in Lithuania giving other countries preference over American films or establishing quotas or contingents on films, nor is any legislation contemplated at present which might reduce or prevent American distribution of motion pictures.

According to article 8 of the Cinema Theater Law promulgated on July 15, 1932, and the decree of the Minister of the Interior promulgated on August 20, 1932, Lithuanian news reels not less than 120 meters long have to be exhibited at every show.

In conformity with an amendment dated September 2, 1938, of the Cinema Law, the office of the Film Censor was transferred on September 2, 1938, from the Ministry of the Interior to the Public Activity Administration. It is generally believed that the censoring of films will become more strict.

CENSORSHIP -

Figures on the number of films censored during the first 9 months of 1938 will not be compiled and published until February 1939. Twenty-seven were rejected during the first 9 months of 1938, of which 12 were of German origin - rejected mostly for their pro-German propaganda content; 9 (or 33 percent) were of American origin, 3 of which were rejected because of their "ultra-criminal" nature, 2 for their "revolutionary" content, 2 for their "immoral" content, one because of its "banality," and one for its "inhuman treatment"; 3 were of French origin, rejected for their immoral content; and 3 of Soviet origin, rejected because of their Communist propaganda content.

The censorship in Lithuania is rather strict, particularly on films dealing with criminal, revolutionary, and immoral subjects.

No censorship agreements have been formulated with other countries regarding films so far as can be ascertained.

COMPETITION -

According to film distributors, approximately 40 percent of films shown in Lithuania are of American origin, 35 percent of German origin, 15 percent of Soviet origin, and the rest of French, British, Lithuanian, and Czecho Slovak origin. The strong representation of German films on the Lithuanian market is explained by the fact that 90 percent of all films shown in the Klaipeda (Memel) Territory are of German origin and by the fact that the German language

is widely understood in the principal urban districts of this country.

American films, particularly musical films with "happy endings," comedies, and news reels, enjoy a very good reception. Locally produced news reels, because of their inferior quality are unable to compete with foreign news reels.

COPYRIGHT RELATIONS -

Copyright protection in this country is extended only to Lithuanian citizens, in conformity with the former Imperial Russian Copyright Law, which is still in effect. So far Lithuania has concluded a copyright convention only with Switzerland. Cases of plagiarism in connection with the showing of films have so far not taken place.

PRODUCTION -

No films of any significance were produced in Lithuania during the first 10 months of this year. The news reels produced locally are of a poor quality from both a cultural and a technical point of view and are not comparable to films produced abroad. Musu Lietuva, the only studio in Lithuania, is now experiencing financial difficulties. The total investment of the firms, it is said, amounts to Lits 40,000.

There is no official objection to American films being "dubbed" into the Lithuanian language or into any other understandable language. The predominant languages in this country besides the Lithuanian language are German and Russian. There are no regulations requiring that foreign films must be "dubbed" when shown in Lithuania, but the text of all films must be in the Lithuanian language. The majority of American films shown in Lithuania are dubbed into German.

The Government does not subsidize nor does it render assistance to the local industry.

TAXES -

The current Amusement Tax Law, promulgated in 1932, is still in effect. It provides for taxes to be collected from motion-picture theater tickets according to the following schedule: tickets up to a value of Lits 1.00 are taxed 20 percent; up to Lits 2.00, 30 percent; and over Lits 2.00, 40 percent. These taxes are reputed to be rather high in relation to the local standard of living. Furthermore, the usual turnover tax is collected from owners of motion-picture theaters on the basis of their gross receipts.

Licensed importers must pay a tax of Lits 350 per annum for a license to import merchandise, including motion-picture films, having a value of up to Lits 10,000 during the calendar year. For each additional Lits 10,000 or fraction thereof, Lits 150 must be paid.

THEATERS -

According to estimates of film distributors, there are at present in Lithuania, including the Klaipeda (Memel) Territory, 73 theaters with a total seating capacity of 19,000. The average admission fee in the six largest theaters in Kaunas, the capital, is approximately Lits 1.40, whereas in Provincial theaters it is approximately Lits 0.80.

The films best liked by local people are musical features, comedies with popular stars, dramas with "happy endings," and various sensational features.

SOUND -

Of the total of 73 motion-picture theaters, 64 are wired for the showing of sound films. It is believed that, owing to the lack of capital, owners of the nine unwired motion-picture theaters will not be in a financial position to purchase sound-on-film equipment except in the distant future.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market at the present time for the sale of educational motion-picture films and equipment in Lithuania, because schools and colleges under the jurisdiction of the Ministry of Education, as well as private schools, have still to learn the advantage of using such films for teaching purposes. Nevertheless, it is believed that a potential market for agricultural films does exist.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	228,138	\$7,189
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	121,969	\$2,916
Negative Sound.....	--	\$ --

* * *

LUXEMBURG (GRAND DUCHY)

LEGISLATION -

There are no laws prohibiting foreign exchange in the Grand Duchy of Luxembourg, and no changes in this respect have taken place during the past year. There are no laws giving other countries preference over American films, and no quota or contingent laws are now in effect or contemplated which might reduce or prevent distribution of American pictures. There are no laws requiring any percentage of domestic film production to be displayed on each theater program or to be maintained in total programs shown.

CENSORSHIP -

There is no political censorship in the Grand Duchy of Luxemburg, and there is no censorship of the moral or religious tendencies of films. Films exceeding the limits of good taste or political correctness, however, are not tolerated. If presented, the Government would stop their display during or after the first performance. Where films have been advertised for production which obviously were false, misleading, or calculated to stir up hatred against one or the other of the great countries bordering on Luxemburg, members of the Government have inspected the films before projection and the management of the theater has been informed that the films in question could not be shown. While this "informal censorship" has happened a couple of times in past years, it is not known to have taken place during 1938, as theaters are not desirous of risking losses through the cancellation of programs and the last-minute substitution of a hastily put-together show, and therefore, are unwilling to take a film of a provocative nature.

Luxemburgers are by no means pruders and can thoroughly enjoy an occasional comedy or serious film drama touching upon subjects which are not for children and young ladies. In such cases a card reading "No admission for children" is placed before the box office, and children are not admitted. The average American father of a family would be amazed at the number of films which are considered unsuitable for children. It is important to state, further, that 97 percent of the population of Luxemburg is faithful to the Roman Catholic Church and no films can be shown which in any way treat Christian principles or ceremonies with disrespect.

The Grand Duchy of Luxemburg has not signed any treaties or conventions with other countries to bar films which are considered objectionable, on protest by a friendly country and vice versa. Nevertheless, the Grand Ducal authorities have barred one film during the past year, at the request of the Minister of a neighboring power and during the past 2 or 3 years have barred at least two others after protest by the Minister of another great neighboring power. The Government of Luxemburg would be willing to extend the same courtesy to any other of the great powers with which it enjoys diplomatic intercourse. One of the films mentioned above was produced in America, but the scene was laid in a foreign country and dealt with foreign political conditions and had been "dubbed" in the French language. It is believed that the other two films were of German origin.

COMPETITION -

German films were the largest competitors of American products until the late spring of 1938, then the tide began to turn, and by October 1 one of the most important local theaters, which had hitherto displayed German and American films almost exclusively, announced that its policy henceforth will be to show only French and American films insofar as possible. This was in large part, of course, a reaction to certain currents of feeling which were manifest during early autumn and cannot be expected to endure, inasmuch as motion-picture devotees are very fond of certain categories of German films produced by favorite

actors, and will sooner or later secure German films by neglecting to go to the theaters which do not show them. Nevertheless, a very real increase in the proportion of French films shown locally has taken place during the past 3 or 4 months at the expense of German films. English and other films are shown occasionally, but have no competitive significance. Possibly 40 percent of the films shown are American, and these films are greatly enjoyed in Luxemburg. There is no prejudice against them, and as they are always "dubbed" in German or French, audiences accept them on their own merits and often neither know nor care what their origin is.

COPYRIGHT RELATIONS -

The Grand Duchy of Luxemburg adheres to the various international copyright agreements, and there is no danger of piracy of films or literary matter.

PRODUCTION -

Except for scenes of topical interest for foreign news reels, there is no production of motion-picture films in the Grand Duchy of Luxemburg, and no studios or production facilities.

There would be no objection to American films dubbed in the native language of Luxemburg, but there is no ground for such useless expense, inasmuch as all Luxemburgers speak, read, and write German in addition to their native tongue. Nearly all understand French, also.

While all Luxemburgers speak Luxemburgish in the home and informally together, four out of the five daily newspapers are in German, and that tongue is the predominant language.

German films naturally do not have to be "dubbed" when shown in Luxemburg, nor is it necessary that they be supplied with French subtitles. French films can be shown in their original language without any difficulty, but it is desirable that they have German subtitles. Until two years ago, nearly all American films shown here were "dubbed" in German, but since that time a rapidly increasing number of American films are being shown in their French versions and it may be said that today practically 100 percent of American films are being shown in French to a population of Teutonic race, understanding French well enough, but for whom that tongue is psychologically a foreign language. For such a people, thinking in German, there is no question but that German versions of American films are capable of conveying the essential idea of all the dialogue and subtle shadings more satisfactorily to a general audience than can the French version. This statement, of course, applies only to Luxemburg and to certain Swiss Cantons.

TAXES -

Taxes in Luxemburg are moderate.

THEATERS -

There are now 30 motion-picture theaters in the Grand Duchy of Luxemburg. Their total seating capacity is 14,250 persons.

The range of prices in motion-picture theaters is wide, and the better places are by no means cheap. At the four best theaters in the city of Luxemburg the cheapest seats are \$0.25, followed by seats \$0.35. The better places cost just under \$0.45, while in boxes the comfortable upholstered chairs cost a little less than \$0.50 each.

Luxemburg audiences do not differ materially from motion-picture fans in other countries. Films which are hits in New York, Berlin, or London are generally equally appreciated in Luxemburg.

SOUND -

Every motion-picture theater in the Grand Duchy of Luxemburg is wired for the showing of sound films, and in the majority of cases with modern American equipment.

There is no prospect for selling sound equipment, inasmuch as all theaters are already wired.

EDUCATIONAL FILM DEVELOPMENTS -

There is little, if any, market for the sale of educational motion-picture films and equipment in the Grand Duchy as yet, as the use of this type of film for teaching purposes has not yet been adopted in local schools on any appreciable scale and it is not understood that educational institutions are as yet thinking along these lines.

* * *

NETHERLANDS

LEGISLATION -

Distribution of American films in the Netherlands is not adversely affected by any legislation, nor is any detrimental legislation reported to be under serious consideration. There is no restriction on foreign exchange, nor any laws resulting in preferential treatment for the productions of any one country or group of countries and no quota or contingent laws.

Regulation of the motion-picture industry is largely effected through the Netherland Bioscoop Bond, a voluntary organization including all regular distributors and exhibitors of films, operating under by-laws and regulations which have the approval of the Government. After a delay of more than a year the necessary royal decree of approval had been granted to revised by-laws providing for a new governing body for the "Bond" which will offer greater protection to the distributor members.

Formerly either of the two main divisions of the "Bond", organized separately as exhibitors and distributors, decided matters of concern only to that division, and questions of general interest, such as the approval of proposed new theater construction, were referred for final decision to a general meeting of all members. At general meetings, with each member having an equal vote, the numerical strength of the exhibitors decided the action of the "Bond" when the general interests of the exhibitor and distributor groups were in conflict. Under the new organization a governing board on which the distributors and exhibitors are represented equally will decide general questions. While no radical changes are expected to follow the formation of the new governing board, after elections which were held December 12, 1938, the distributors representing American producers will be better able to protect American interests.

CENSORSHIP -

There was no change in censorship regulations or policy in 1938; the law of May 14, 1926, continued to govern censorship through a Central Commission of 60 members from which reviewing boards are appointed. All films are placed in one of three classes: (1) "Long" (feature) films, (2) "cultural" and "scientific" films which are usually short (although, rarely, some feature films receive this classification), (3) "short" films, including news reels and "trailers." The board further gives each film one of four ratings: "A", those which may be shown to audiences of all ages; "B", not to be shown to children under 14 years of age; "C", not to be shown to persons under 18 years of age; "D", not to be exhibited. By subsequent review, usually after alterations, the rating of a picture may be raised; a film having received a "D" rating at three reviews may not be again presented for the consideration of the censors unless it is so altered as to be considered a different film. Censorship fees are 0.035 guilder per meter for feature films and 0.01 guilder per meter for cultural and scientific films.

A Roman Catholic censorship must pass all films rated "C" by the National Board before they may be exhibited in 28 municipalities in the Provinces of North Brabant and Limburg. There is no charge for this censorship.

Any mayor may forbid the showing of any film in his community, but such prohibition is almost unknown. The City of Nijmegen requires the approval of a local censorship board, which charges no fee for reviewing.

Film censorship by the National Board during the first 10 months of 1938 has been calculated from unofficial data and compared with figures, similarly obtained, for the same periods of previous years.

Long Feature Films Censored
(January through October)

Films	1938	1937	1936	1935
Offered.....	387	378	406	360
Passed.....	372	362	389	344
Rejected.....	15	16	17	16
Nationality (	8	11	American	)
of films (	4	3	French	)
rejected.....(	2	-	German	)
(	1	-	Russian	)
(	-	2	British	)

Reasons for rejecting any film are given privately to the interested distributor by the censorship board but are not announced publicly by the board and are usually reserved by the distributor. Films are barred which are believed to incite disorder or immorality or which have objectionable political tendencies. Gangster pictures have received severe treatment by the Netherland authorities; immorality, including nudity, unacceptable treatment of religious and contentious political subjects have caused rejections.

There are, however, no agreements, publicly acknowledged, to bar films which are considered objectionable, on protest by a friendly government.

COMPETITION -

French films are seriously challenging the German for second place in the competition for the Netherland market in which American productions supply approximately two-thirds of the demand. The censorship figures used below are reasonably accurate as an index of the relative popularity of films by nationality, but allowance must be made for the existence of three large first-run theaters in the Netherlands directly controlled by the German film producers; if it were possible to obtain statistics showing box-office receipts by nationalities of films shown, the German (and Austrian) percentages would be lower.

The following figures are taken from an unofficial publication showing the nationalities of long cultural films passed by the national censorship board; the possible margin of error is too small to alter the relative position of the producing countries shown.

(January 1 to October 31)

Nationality	1936		1937		1938	
	Number	Percent	Number	Percent	Number	Percent
American	212	54.9	244	67.3	249	66.9
German	67	17.2	48	13.3	49	13.2
French	35	9.0	30	8.3	40	10.8
Czecho Slovak	5	1.3	4	1.1	1	0.3
Austrian	16	4.1	10	2.8	9	2.4
English	26	6.7	21	5.8	17	4.6
Netherland	12	3.3	3	0.8	2	0.5
Hungarian	4	1.0	1	0.3	-	-
Italian	3	0.8	-	-	-	-
Russian	6	1.5	1	0.3	5	1.3
Spanish	1	0.3	-	-	-	-
Belgian	1	0.3	-	-	-	-

There is no evidence of any decline in the enormous popularity of American films in the Netherlands and no indication that competitive domestic films can be produced successfully.

No more than a rough approximation is possible of the financial return to American producers from the Netherland exhibition of their films. No high degree of accuracy can be claimed for the following estimates which have been suggested by disinterested individuals familiar with the trade. Amounts are given in florins which have an exchange value of approximately \$0.55.

Estimated total receipts of Netherland
motion-picture exhibitors, 1938 Fl. 20,000,000

Amusement tax, 16-2/3 percent 3,333.333
Net receipts 16,666,667

COPYRIGHT RELATIONS -

Membership of the Netherlands in the "Berne Convention" and the Netherland copyright law of September 23, 1912, offer protection of copyrights and foreign producers. Further protection is offered through the very strict regulations of the Netherland Bioscoop Bond.

PRODUCTION -

Only two long feature films were produced in the Netherlands during the first 10 months of 1938; while it was expected that work might be started on a third during that calendar year, no other releases were announced. The first of the 1938 productions was a semi-documentary film, "Forty Years," offered in connection with the celebration of the fortieth anniversary of Queen Wilhelmina's coronation on September 6, 1938. The only purely entertainment feature of full length was a Dutch version of "Daddy Longlegs" which was produced with the financial backing of an organization controlling a theater chain; that

organization is satisfied with attendance to the extent that it has announced another feature for release about February 1939.

Technical production facilities are adequate in the Netherlands, and technique, within the limitations imposed by financial considerations, is comparable with that of American films. But the industry is not well financed, the Government gives no indication of considering any form of subsidy, and the high percentage of financial failures registered by previous productions discourages fresh investments.

Dutch, the language of the country, is spoken or understood by only limited numbers of people outside of the Netherlands. In the Netherlands the linguistic abilities of the people restrict the appeal of films in the native language. "Dubbed" films are generally not sufficiently popular to justify the expense; films may be "dubbed" either in the Netherlands or, as is usual, in the country of production.

No data are available on the total investment in the local motion-picture industry.

TAXES -

Taxation is not considered excessive. Theaters and distributors are not subject to special taxation other than reasonable license fees. Amusement taxes are fixed by municipalities, varying in some few localities from the 20 percent (added to the net admission or 16-2/3 percent deducted from the actual cost of admission, tax included) assessed in the largest cities and elsewhere generally. Import duties are fixed at 0.04 guilder per meter, to which must be added a compensating duty of 1 percent and a sales tax of 4 percent.

THEATERS -

There are 333 buildings in the Netherlands licensed to exhibit motion-pictures, including several halls without permanent installations but dependent on portable equipment for occasional exhibitions; the total seating capacity of those theaters and halls is 174,145. However, there are only 275 theaters listed by distributors as giving regularly scheduled exhibitions, if only seasonally; the reported seating capacity is 145,000. All theaters giving scheduled performances are wired for sound as are several of the buildings available for irregular performances; 297 theaters or buildings, with a seating capacity of 162,000, are wired for sound.

Average admission prices given below are from official sources; the gross receipts to exhibitors in the four largest cities of the Netherlands thus listed, amount to approximately half the total gross receipts for the kingdom. Prices are given in florins with an exchange value of approximately \$0.55; the prices given include amusement taxes of 16-2/3 percent.

Average Cinema Admissions

	<u>Year</u>		<u>January-September, Inclusive</u>	
	<u>1936</u>	<u>1937</u>	<u>1937</u>	<u>1938</u>
Amsterdam	0.463	0.449	0.442	0.438
Rotterdam.....	.415	.425		
The Hague.....	.525	.500		
Utrecht.....	.549	.527		

Admission prices in the smaller cities and towns average somewhat higher than in the larger cities listed; it is estimated that the average for the whole country is now about Fl. 0.55.

It is estimated that the yearly gross income of motion-picture theaters, without deductions for amusement taxes, is about Fl. 20,000,000.

No definite preference for types of films is evidenced by the Netherland public. Despite the acceptance of foreign-language films, action is preferred to unsupported dialogue.

SOUND -

There are 297 theaters in the Netherlands wired for sound, 90 installations for sound on film and 207 for sound on film and disk. The 275 theaters giving regularly scheduled showings of films, if only seasonally, are included. There are no motion-picture theaters in the Netherlands giving regularly scheduled performances which are not wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The potential market for 16-mm. film and equipment has been poorly developed in the Netherlands. Industrial organizations have appreciated the educational possibilities of the sub-caliber film more readily than the more conservative educational institutions, although there are several installations in schools; technical institutions have shown the most active interest.

IMPORTS FROM UNITED STATES -

	<u>Feet</u>	<u>Value</u>
1938 - Positive Sound	4,983,809	\$98,732
Negative Sound	7,598	\$ 151
1937 - Positive Sound	4,941,098	\$88,588
Negative Sound	--	\$ --

NORWAY

LEGISLATION -

Foreign-exchange restrictions do not exist in Norway at the present time, and, so far as can be learned, none are being contemplated. Films from certain countries, however, are purchased under the clearing agreements. There are no quota or contingent laws and no laws giving other countries preference over American films. There is no legislation detrimental to American motion pictures in Norway. Very few Norwegian films are made, and there is no law requiring that they be shown on theater programs.

CENSORSHIP -

There was an increase in the number of films censored during the first 9 months of 1938, as compared with the same period of 1937, 605 films having been reviewed during January-September of this year as compared with 542 in the corresponding 9 months of 1937. The total number of meters reviewed during the first three quarters of 1938 was 676,338, as compared with 639,069 meters in the same period of 1937. There was also an increase in the number of meters cut, the total number in January-September, 1937, amounting to 1,316, while 1,449 meters were cut in the corresponding period of 1938. Five films, all of which were American, were rejected during the first 9 months of 1938. In the same period of 1937, 8 pictures were refused, of which 5 were American, 2 German, and 1 French.

The Norwegian Bureau of Censors, "Statens Filmkontroll", recently celebrated its 25th anniversary, having been in existence since the Motion Picture Law of July 25, 1913, went into effect. Norwegian censorship is considered strict. The law prohibits the passing of films which are offensive to decency, are immoral, or suggest disregard of the laws. All films are furnished with white, yellow, or red tags by Statens Filmkontroll. A film bearing a white tag has been rejected. A yellow slip indicates that the picture is for adults only, while a red tag permits children to see the film in question.

There are no censorship agreements with other countries. At a meeting held in August in Helsinki (Helsingfors) by the representatives of the Motion Picture Theater Owners in Scandinavia, a number of questions were discussed, among which was the passing of film laws applicable to the four Scandinavian countries.

COMPETITION -

Although only about four Norwegian pictures are produced and released each year, they are more or less serious competitors. Each Norwegian picture is issued in six copies with the result that a total of 24 houses are in a position to show it at one time. Norwegian pictures are always shown during the height of the season, causing American and foreign pictures to be held back until a house is available.

During the first 9 months of 1938, there were released in Oslo 194 pictures in comparison with 177 in the same period of 1937. American pictures comprised 66 percent of the total in January-September, 1938, and 62.7 percent in the corresponding period of 1937. Of the 66 European pictures released during the first 9 months of this year, 19 were French, 17 were Swedish, and 16 were German. The rest were divided as follows: 7 English; 2 Austrian; 2 Finnish; 2 Italian; and 1 Czecho Slovak. It may be stated that French films are becoming increasingly popular.

American pictures are well received, and, although they are rarely allowed to run many successive weeks at the premiere theaters, they usually draw large audiences when shown in the neighborhood theaters also. However, one American feature-length cartoon has broken all previous records. It has up to the present time been running 7 successive weeks at the Saga, one of Oslo's most popular premiere theaters, and is still drawing large crowds.

COPYRIGHT RELATIONS -

There have been no changes in copyright relations during the past year. They are, together with legal rights and restrictions, specified in the Royal Decree of July 1, 1905, as amended by the Decrees of April 9, 1910 and June 14, 1911.

The Norwegian Composers Association's International Music Bureau, "TONO" which corresponds to the American Society of Composers, Artists, and Publishers, collects royalties on all pictures shown in Norway. The fee at the present time is 0.85 percent of the box-office receipts (after the deduction of the Government tax) at the largest theaters, which are members of the Municipal Motion Picture Theaters' National Association, and 1 percent of the box-office receipts at the other theaters. These royalties are to be paid until the end of 1939, and beginning on January 1, 1940, the fee will be 1 percent.

PRODUCTION -

Four pictures will be produced in 1938, all of which are expected to be released during the present year. "Ungen" (The Child) is a play by Oscar Braatzen, and is the only Norwegian picture shown in 1938. Despite the drawing qualities of a new theater (and the Klingenberg is said to be the finest in Scandinavia), the attendance has been small, and although "Ungen" (The Child) is still running, it has been stated that the Klingenberg is bearing a loss of about Kroner 2,000 daily by its showing. Most of the scenes of "Ungen" have been taken at Sagene, an old Oslo district, the indoor scenes having been taken at the Jahr studio. The producer is Norsk Film A/S, Oslo, and this is the third picture of this company.

"Eli Sjursdotter" (Eli Sjur's Daughter) is a dramatization of Johan Falkberget's book of the same name. Certain scenes have been taken at Roros, Norway. The picture is being produced by A/S Merkurfilm and is expected to be shown in Trondheim, Norway, during the latter part of October.

"Bor Borsen" is another dramatization of one of Johan Falkberget's books. The picture was started in the summer of 1938, and, since the Jahr studio was not available, the Hippodrome, at Vinderen, near Oslo, has been used for some of the inside scenes. A new company, A/S Film Produksjonsselskapet, is the producer, and "Bor Borsen" is its first picture.

"Familien Paa Borgan" (The Family at Borgan) is a light comedy written by Helge Lund, and is being produced by the Norwegian company Norge-Film. The indoor scenes have been taken in the Oslo Gymnasium Building, while the outdoor scenes were made at the Bjerke Farm in Vestre Baerum, near Oslo. It was expected that the picture would be shown in November, 1938.

Production facilities are far from adequate. The studio at Jahr, which is the only film studio in Norway, is not in a position to produce more than one picture at a time. It is planned, however, to remodel the studio and purchase sufficient equipment to make possible the production of two pictures at one time, but lack of funds will probably delay the taking of any steps in this direction for some time.

Some difficulty has been encountered in engaging the proper cast for the various Norwegian films. The Association of Theaters does not permit its actors and actresses to participate in film production except during the 3 months comprising the summer holidays. Except for this period it is practically impossible to engage the proper cast.

The Norwegian motion-picture industry can scarcely be described as well financed, and the technique is not in any way comparable with that of American films. The Norsk Film A/S, organized in 1935, controls the fund derived from the voluntary contribution of practically all picture theaters, which comprises 1 percent of the box-office receipts. This company was organized for the purpose of promoting Norwegian film production and operates the film studio at Jahr. The Jahr studio is also rented to private companies. It was expected that the fund derived from the 1 percent contribution referred to above would amount to Kroner 450,000 (contributions to be made for a period of 5 years), but it will in all probability reach Kroner 500,000 or Kroner 600,000.

The necessary capital for a picture to be produced is also provided by forming a new company. Of the four pictures produced in 1938, two were made by companies formed for this purpose. Funds are very limited however, approximately Kroner 125,000 being available for each picture, which makes it difficult to produce satisfactory Norwegian films. It is estimated, however, that "Eli Sjursdotter" cost Kroner 200,000.

There is no objection to American films being "dubbed" in Norway, but the two occasions when this has been done have not indicated that this method is particularly favored. English is comparatively well known in Norway, and it is believed that the Norwegian public prefers to hear the voices of the stars shown. There is no requirement that foreign films be dubbed in Norway. Norwegian is the language of the country.

The usual 10 percent Government tax imposed on foreign films is reduced to 5 percent when the picture is Norwegian. Except for this reduction, the Government renders no assistance to the fostering of the Norwegian motion-picture industry. However, a voluntary contribution amounting to 1 percent of the box-office receipts is made by practically all theaters, and this fund is used for the promotion of domestic pictures.

It is estimated that approximately Kroner 500,000 has been invested in the production of Norwegian pictures during 1938. "Eli Sjursdotter" (Eli Sjur's Daughter) cost about Kroner 200,000, but the other three pictures averaged approximately Kroner 100,000.

TAXES -

The so-called luxury tax on foreign films is 10 percent of the gross receipts, while Norwegian films (produced in Norway with Norwegian capital) are taxed 5 percent. The additional 10 percent tax generally charged by the municipalities is of course abolished when the theaters are municipal.

Distributors and importers are subject to the usual Government and municipal income tax and tax on capital. The Government tax is negligible. The municipal tax is based on the net earnings of the company, irrespective of the capital. It may be stated, however, that American film exchanges are not taxed entirely in accordance with the balance sheets submitted, since, in accordance with paragraph 6 of the Tax Laws, the municipalities and the Government may tax a company an amount deemed appropriate by them. For American film exchanges they calculate the net profit to equal 10 percent of the total film rental received, and on such a 10 percent profit Government and municipal taxes are based.

THEATERS -

The total number of motion-picture theaters in Norway was 247 in 1937, of which 72 were open every day, 38 had showings 3 to 5 days, 112 had performances 1 or 2 days, and 25 had irregular showings, or had programs less than once a week. The total capacity was estimated to be approximately 95,000, of which 55,000 were in municipal theaters and about 40,000 in privately owned houses. However, these figures do not give a true picture of the situation, inasmuch as many of the privately owned theaters have programs only once or twice a week. Inasmuch as many of them comprise association halls in which motion picture equipment is installed, the capacity of the privately owned theaters is unusually large. In furnishing figures covering the capacity of the theaters in Norway, it should be stated that this does not cover seating capacity only, since most picture houses allow a certain number of people to stand. Some theaters even sell this type of ticket.

There are at the present time in Oslo 17 picture theaters. Another was to be completed in 1938 and 2 more will be constructed in 1939, making a total of

20, of which 11 will be premiere theaters, 8 will show second-run pictures, and one will continue to have news-reel programs lasting 30 minutes. The total capacity of the Oslo theaters will be increased from 12,320 to 16,760 when the 20 theaters are completed.

Admission prices vary from Kroner 1.00 to Kroner 2.50, depending on the seat, at the first-run theaters. Pictures which are being shown at second-run theaters may be seen for Kroner 1.25. Children are admitted for half price, except at certain Saturday and Sunday matinees when the admission fee is Kroner 0.50. The weekly news-reel theater charges Kroner 0.50, each program lasting only 30 minutes, however.

During the past year, musical films have become increasingly popular. Pictures of the singing type always draw large attendances for a satisfactory length of time.

The total gross receipts of motion-picture theaters in Norway amounted to Kroner 15,923,534 in 1937, an increase of only slightly less than 3 million crowns as compared with 1936, when receipts totaled approximately Kroner 13,000 000. The following table covers the gross receipts of motion-picture theaters in Norway in 1937:

102 municipally owned motion-picture theaters	Kroner	13,893,192.80
86 " " " " "	"	768,111.54
59 privately " " " "	"	<u>1,262,229.76</u>
Total Kroner		15,923,534.10
		(\$3,938,544.10)

It is estimated that the receipts of traveling picture theaters amounted to approximately Kroner 50,000 (\$12,367), which should be added to the total mentioned above. The average receipts of the municipal theaters in 1937 amounted to Kroner 136,210, privately owned theaters, Kroner 21,390; and association-owned theaters, Kroner 8,930.

It is believed that the gross receipts of motion-picture theaters in Norway will be increased to Kroner 17,000,000 in 1938.

SOUND -

All of the 247 motion-picture theaters are wired for sound in Norway.

EDUCATIONAL FILM DEVELOPMENTS -

The Norwegian Teachers' Association has been endeavoring for some time to interest the Norwegian Government in the purchase of motion-picture equipment for schools. Considerable publicity has been given to the question, and the press was invited to attend a meeting where the advantages of instruction by film were set forth. Mr. Eide, the chairman of the Norwegian Teachers' Association, stated that each school in Norway should be furnished with motion-picture equipment and that this would greatly assist in educational instruction. Because of lack of funds, the Government has not been in a position to give material assistance up to the present time. It is estimated that approximately 170

Norwegian schools have purchased motion-picture equipment, but, inasmuch as there are approximately 6,000 schools, the percentage of schools having their own projectors is therefore small.

A few German Bauer apparatuses have been sold in Norway to the labor organizations throughout the country, the equipment being installed in the halls or auditoriums of the associations. It has been stated, however, that the equipment was sold at a loss in order that a foothold might be obtained in the Norwegian market. The Bauer apparatus requires a certain type of film, however, inasmuch as the ordinary 16-mm. rolls cannot be used, and this fact has been of some disadvantage.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	2,384,201	\$56,434
Negative Sound.....	4,602	\$ 116
1937 - Positive Sound.....	1,897,846	\$39,086
Negative Sound.....	--	\$ --

* * *

POLAND

LEGISLATION-

There was little or no change in existing restrictions during 1938. These include the general import and foreign-exchange controls, which went into effect during the late spring of 1936 and which include small charges for filing of applications for import permits; an exhibitor's quota requiring cinema owners to reserve 10 percent of their screen playing time for domestic features, if available; and a revised entertainment tax, eliminating reduced taxes for foreign films qualifying as of "artistic" or "educational" value. Both of the last-named provisions became effective as of August 24, 1936.

There are no laws giving other countries preference over American films in Poland. With the ordinance of the Council of Ministers of May 5, 1936, relative to the introduction of the general commodity import permit control, the importation of films can be effected only on the basis of an import permit issued by the Ministry of Commerce. Autonomous quotas were assigned to individual countries based on the average meterage of films passed for public exhibition during the years 1933 to 1935. The total annual quota for the 1936-37 period and for the 1937-38 period amounted to 6,000 kilograms, i.e., 300 full-length films, which correspond to the demand of the market, especially if the 50 films of the Polish-German agreement are added. The importation of films from Germany is covered by a separate agreement, detailed later. The above quota was distributed among the individual countries as follows:

United States	190 films or 63.3 percent
France	25 films or 8.3 percent
Austria	20 films or 6.7 percent
Great Britain	13 films or 4.3 percent

Possibly small changes in this division will be made on account of the uniting of Austria with Germany and the growing demand for French films.

The well-known "Film Fund" tax, first projected in 1936, which was to tax all imported and locally produced films 1 zloty or approximately \$0.19 per meter to create a fund for the promotion of the production of domestic films, came up again during the first part of 1938, but it was shelved, temporarily at least. It is the belief of importers and distributors of American films that the purpose of this fund is not to raise additional revenues but rather to impose such heavy expenses as to eliminate American pictures from the Polish market or make the cost to the exhibitor so great that American films would be unable to offer any competition to local productions. At any rate, it is estimated by the trade that 80 percent of the 300,000 zlotys which this tax would produce would be contributed by American films.

With reference to the requirement that theater owners reserve 10 percent of their screen playing time for domestic production, the distributors' association states that, by reason of the excessive length of Polish films, this obligation corresponds actually to about 20 percent of the available playing time of the theaters. In this respect, it might be added that some of the locally produced films especially propaganda films, are far from entertaining and frequently audiences show their displeasure by booing, clapping, etc., before the showing is finished.

CENSORSHIP -

Early in 1936, the Polish censorship materially sharpened its regulations, whereby it was announced that producers should neither produce nor distributors import film subjects including class struggle, riots of a revolutionary tendency, misery as a source of agitation, Russian background, or gangster and certain mystery sequences. These regulations remained in force during 1937 and 1938, but were not considered very burdensome. Slight charges continued to be levied for censorship costs.

Polish official censors passed a total of 605 films during 1937, including 127 locally produced films and 478 foreign films of all types, according to official statistics. Six hundred nineteen films having a total length of 817,000 meters, were submitted, and the 605 passed had a total length of 795,000 meters. Of the latter, 286 films were full-length films with a length of 687,000 meters. Films rejected numbered 14, with a length of 22,000 meters. The 127 domestic films included 25 full-length films of 1,500 meters or more in length, 9 medium films between 900 and 1,500 meters, 31 shorter films up to 900 meters, 58 film shorts up to 300 meters with Polish themes, and 3 advertising films. One domestic film and 2 shorts up to 900 meters in length were

rejected by the censors and not allowed to be shown. Seven domestic films were declared unfit for exhibition before children, including 2 full-program films, 2 shorts up to 900 meters and 3 shorts up to 300 meters in length.

Full-length films rejected by the censors included 5 American, 1 English, 2 French, and 1 of combined origin, totaling 9 films, one of them being rejected for political reasons (Panay Sinking). Two American films with less than 1,500 meters were rejected. The total length of foreign film copies made amounted to 3,811,608 meters.

The length of the American films passed by the censor was reported to be 452,000 meters, of which 399,000 meters were full-length films; of British films, 33,000 meters; of Austrian films, 32,000 meters; of Czecho Slovakian films, 2,000 meters; of French films, 77,000 meters; of German films, 75,000 meters; and of others, 50,000 meters.

While censorship in Poland is not considered too strict, some distributors of American films report that considerable difficulty is often experienced in preparing a film so that it will not be rejected by the censor. It is also reported that many American films are never presented to the censor by the importer.

COMPETITION -

Distribution, based on trade statistics for 1936 and 1937, was as follows:

Country	1936			1937		
	Number of features*	Percent	Number of shorts	Number of features	Percent	Number of shorts
United States	139	58.4	212	168	58.7	153
Germany	33	13.9	32	29	10.1	6
Poland	23	9.6	92	25	8.7	102
Austria	21	8.8	1	13	4.5	1
France	10	4.2	-	29	10.1	3
England	7	2.9	-	14	4.8	1
Switzerland	2	0.8	-	1	**	-
Czecho Slovakia	1	**	1	1	**	1
Denmark	1	**	1	-	0.0	-
Hungary	1	**	1	1	**	-
Sweden	-	0.0	-	1	**	-
Italy	-	0.0	-	3	1.0	-
Japan	-	0.0	-	1	**	1
Others	-	0.0	53	-	0.0	54
Total	238	100.0	391	286	100.0	322

*(Footnote) Features are designated as having over 1,500 meters and shorts as having under 1,500 meters.

** " Less than half of 1 percent.

During the first half of 1938, imports of films amounted to 298 with a total of 394,882 meters, of which 134 with 135,614 meters were positives from which one copy was made, 36 with 17,907 meters were positives from which more than one copy was made, and 128 with 244,361 meters were negatives. One hundred and thirty-four films with 311,391 meters were feature films or were over 1,500 meters in length and were passed by the censor, 109 films with 35,967 meters were under 1,500 meters and were also passed by the censor, - making a total passed by the censor of 243 films with 347,358 meters. Fourteen films with 26,051 meters were rejected; 10 with 24,784 meters were over 1,500 meters, and 4 with 1,267 meters were under. A total of 257 films with 373,409 meters were censored, which would indicate that 41 films with 21,473 meters were imported but not censored during the period. Fifteen parts, totaling only 449 meters were removed before films were passed. Of the 243 films passed, 204 with 267-826 meters were classified as suitable for exhibition before children, and 39 with 79,532 meters were classified as unsuitable for children. Total copies made in Poland were 1,597 with 1,829,522 meters; 17 copies with 16,674 meters were imported from the United States, and 9 copies with 1,170 meters from England.

Imports from the United States were 187 films with 248,189 meters, of which 156 with 229,187 meters were presented to the censor, with 90 with 202-030 meters over 1,500 meters in length, and 47 with 14,151 meters under 1,500 meters in length, making a total of 147 with 216,181 meters being passed and 9 with 13,006 meters being rejected, 5 of the latter with 11,739 meters being features and 4 with 1,267 meters being under 1,500 meters in length. Ten parts of American films with only 306 meters were removed before being passed, and 125 films with 178,447 meters were declared fit for children to see while 22 with 37,734 meters were not.

Imported, censored, passed, and rejected films during the first half of 1938, distributed by country of origin, were as follows:

Origin	Imports		Censored		Passed		Rejected	
	No.	Meters	No.	Meters	No.	Meters	No.	Meters
United States.....	187	248,189	156	229,187	147	216,181	9	13,006
England.....	14	10,194	5	8,600	4	6,301	1	2,289
Austria.....	3	7,676	3	7,676	2	5,176	1	2,500
Italy.....	2	5,000	1	2,427	1	2,427	-	-
France.....	18	47,075	18	46,267	17	43,367	1	2,900
Germany.....	34	53,734	34	53,659	33	51,183	1	2,476
U.S.S.R.....	1	2,880	1	2,880	-	-	1	2,880
Hungary.....	1	2,417	1	2,417	1	2,417	-	-
Netherlands.....	2	196	2	196	2	196	-	-
Mixed.....	36	20,521	36	20,100	36	20,100	-	-
Total.....	298	394,882	257	373,409	243	347,358	14	26,051

An official statement calculated the value in zlotys of the foreign film trade on the basis of foreign-exchange permits issued between December 1, 1938, and December 31, 1937, 13 months, approximately as follows:

Remittances	Total	For films	For unexposed	For equipment
Foreign exchange	2,990,000	2,425,000	555,000	10,000
United States only	-	(1,600,000)	(350,000)	-
Clearing	1,500,000	650,000	450,000	400,000
Total	4,490,000	3,075,000	1,005,000	410,000

For one year this would be about 4.2 million zlotys.

According to this same statement, the foreign-trade statistics gave the value of the film trade incorrectly at 2,252,000 zlotys in 1936 and 2,044,000 zlotys in 1937, for the reason that the value stated in the customs declaration is that of the film including cost of materials and labor, but not the commercial value of the film. This value is also greater than the sums transferred abroad by the rental bureaus or distributors; for example, half of the receipts of American distributors goes toward the cost of "working up" a film, i.e., making copies and putting in Polish titles, publicity, salaries, etc.; one-fourth goes to the Polish Treasury, covering customs duties, taxes, transportation, and censorship costs; and one-fourth is transferred abroad.

On the other hand, the inclusion of most of 1,005,000 zlotys for unexposed films and of the amount for equipment in the official estimate of "the foreign film trade" appears out of place, since this covers equipment and film imported for domestic production and copies made by local laboratories, the latter work being forced on importers and distributors by excessive duties on positives.

The importation of German films is covered by an agreement signed on December 22, 1937, which is effective for 14 months. This agreement replaces one which came into effect on February 20, 1937, and was denounced by Poland on October 1, 1937. It grants Germany an annual basic quota of 27 full-length films, of which 15 will not be compensated for by Polish films and of which 12 will be compensated for by the purchase of three Polish films. Furthermore, for the purchase of every additional Polish film, Germany will be entitled to send four additional films into Poland. This agreement fixed the purchase price of Polish films at a minimum of 6,000 Reichsmarks and a maximum of 10,000. The importation of short German films has been fixed at three times the exportation of Polish short films into Germany. Moreover, in respect to the liquidation of the former agreement, Germany was granted the right to import 7 films in exchange for the purchase of two Polish films or for the consideration of 5,000 Reichsmarks each. Polish films may be shown in Germany in the Polish language, and vice-versa but within the limits of existing regulations. This agreement is more favorable to Poland than the former one which granted 50 films to Germany without a definite obligation to purchase Polish films, while the present ratio is 9 Polish films to 50 German ones.

American films are always well received and are generally preferred to domestic or European films, but from the standpoint of profit to the exhibitor it is reported that the best of the domestic films are more profitable, because of the fact that they are cheaper on account of tax reductions and draw about the same number of patrons at the same price.

COPYRIGHT RELATIONS -

No changes occurred in 1938 in the copyright law, full legal protection being granted foreign authors.

PRODUCTION -

In 1937, there were 130 films produced locally, but three of them were reported rejected by the censors. The 127 films passed had a total length of 96,000 meters, 25 of them being feature films with a total length of 64,000 meters. Of the feature films, 10 were comedies, 11 were dramas, 2 were melodramas, and 1 was a musical review. One of the rejected films was over 1,500 meters in length, and the other two were under 900 meters. As stated above, there were 9 medium-length films produced with from 900 to 1,500 meters, 31 shorter films up to 900 meters, 58 film shorts up to 300 meters with Polish themes, and 3 advertising films. Silent films produced in 1937 were four shorts, less than 900 meters in length each, and 1 advertising film. Total domestic production of copies amounted to 702,194 meters. In 1936, there were 124 films produced locally, with a total of about 84,000 meters, 23 of which were features with a total of 57,000 meters and the other 10 shorter films with a total of 27,000 meters.

The annual production schedule ranges from 120 to 130 films, with 25 to 30 features. During the first half of 1938, only 8 local feature films were exhibited, and during the first 9 months only 12. The picture-show season, however, starts with the coming of winter.

A characteristic trait of the Polish film production is that the producing companies are separate from the studios except in one case. This is a consequence of financial weakness of the producing companies, which results in a discontinuity of production and a dependence of these companies on the factors financing production. These factors are the motion-picture theaters and rental bureaus (who grant advances on the future exploitation of the proposed production), sellers of unexposed films, studios and laboratories, all of which supply raw materials and costs of technical services on credit. The average cost of a full-length or feature film amounts to about 150,000 zlotys, of which two-thirds are covered at the time of production by credit and advances as well as from the producers' own funds, the remaining one-third being covered gradually from the rentals of the film as it is exhibited, after deductions of advances and credits.

The annual turnover of domestic production amounts approximately to:

25 features at 150,000 zlotys each.	3,750,000 zlotys
Laboratories	1,300,000 "
Studios	500,000 "
Shorts	200,000 "
Total	5,750,000 "

The basis of Polish film production consists of three studios:

Name	Location	Condition	Type of recording apparatus	No. of wired Studios.
Falanga	Warsaw	Wired	Eurocord-Klangfilm Super-Parvo Debrie Camereclair Radio	2
Sfinks	Warsaw	Wired	British Acoustics Super-Parvo Debrie	1
Polska Akustyka	Warsaw	Wired	British Acoustics	1

Likewise there are five laboratories, two of which are owned by "Falanga" and "Sfinks." The capital invested in the studios and laboratories is estimated at between 2 and 2½ million zlotys.

There were, at the beginning of 1938, 17 active producing companies, 6 of which produce permanently. Eleven are limited-liability companies with a capital of from 10 to 12 thousand zlotys each. Eleven producing companies possess their own film sale and rental bureaus.

The Polish Government is a producer and operates a rental bureau for both 35-mm. and 16-mm. films, through its official news agency, Polska Agencja Telegraficzna (Polish Telegraph Agency), better known as PAT. They produce weekly news reels, incorporating local items with cuttings from all the other well-known news-reel producers of the world. Foreign news reels cannot be exhibited except in this manner. The finished product is not very satisfactory from the American viewpoint, because of the fact that only scenes and items suitable for propaganda purposes and those foreign scenes conforming to the Government idea of Polish culture are included. The 1938-39 full-length and shorts production program of cultural and propaganda films of PAT includes films with titles translated as follows: "Genius of the Stage," "Saint Andrew Bobola," "Meteor," with Paul Prokopieni, a local singer, and "Adventures of Mr. Thunderbolt," with a well-known actor, John Kurnakowicz. The 1938-39 program of short propaganda films includes: "An Educated Member of the Youth Camps," "Postgraduate Professional Education," "Youth Labor Detachments," "On The Wings of the Polish Air Lines, LOT," "Rhodes, Isle of Flowers," "Athens Tel Aviv," and others. A number of short military propaganda films, showing cavalry and artillery exercises, etc., were also made. The "Film Institute"

of PAT sells 16-mm. projectors of well-known American and German makes, produces films for projection in these machines and operates a well-stocked film library containing short and full-length films of domestic and foreign production.

The above domestic production facilities are adequate for the needs of the local production, but the type of films they are able to produce is greatly restricted and comprises mostly dialogue films. The industry, not being well financed, is often forced to produce films section by section. With the introduction of some German-trained technicians it is reported that the technique is adequate for the Polish market of only 769 theaters, but cannot be compared with that of American films. There is no objection to American films "dubbed" in Polish; in fact, encouragement is given dubbed films by a 50 percent reduction in taxes. Polish is the predominant language of the country, and pictures in Yiddish are reported to be profitably exhibited. Two or three Yiddish pictures are produced locally per year and at least two imported. This year's program includes one entitled "Mother" and one "Letter to Mother." Foreign films to be dubbed must be dubbed in Poland to be exhibited in the country, because import permits cannot be secured for films in languages other than the language of the country of origin of the film. However, it is not necessary for foreign films to be dubbed in order to be shown in Poland.

There are no laws permitting the Government to subsidize the local picture industry, outside of the producing done by the Government itself, but trade reports state that some assistance is rendered in the form of aid in obtaining financing for producing films locally. Since no subsidy exists, it does not come from customs payments on film imports nor through direct legislative appropriation.

The Polish film industry is organized within the "Central Council of the Polish Film Industry," in which the following are represented: (1) "The Polish Association of Film Producers," (2) "The Polish Association of Film Industrialists," (3) "The Association of Short Film Producers," (4) "The Association of Polish Motion-Picture Theater Unions," and (5) "The Association of Warsaw Motion-Picture Theater Proprietors."

TAXES -

Taxation is considered high, especially in the city of Warsaw. There was a change in taxation during 1938 relative to shorts. Distributors have to pay a censorship tax of 0.05 zloty per meter and duties as well as the regular business taxes consisting of a 3 percent turnover tax, an income tax according to a schedule, a premise tax of 12 percent of the rent, and a municipal trade-license tax. Theaters pay a municipal tax ranging from 15 percent to 37.5 percent of the admission price on imported films and 3 to 5 percent on locally produced films. The municipal tax schedule follows:

	<u>General tax</u>	<u>"Polish theme" tax</u>
In Warsaw	60 percent of admission price	5 percent of admission price
Cities with population over		
100,000 except Warsaw	35½ percent	3 percent
Cities - 25,000 to 100,000	25 percent	3 percent
Cities - 10,000 to 25,000	15 percent	3 percent
Cities less than 10,000	A general tax not to exceed 4 percent of total turn-over.	

Exhibitors qualifying under the 10 percent quota are eligible for rebates on normal taxes paid for films of non-Polish origin and those stamped "dubbed in Poland." Other tax concessions are made for the playing of domestic products, long and short, except news reels, while tax reductions are made during the period May to August.

These rebates result in a reduction of actual rates paid on American and other non-Polish films to 37½ percent in Warsaw, 26 percent in other cities over 100,000, and 20 percent in cities between 25,000 and 100,000, while smaller cities pay an annual license.

An ordinance was published on July 29, 1938, providing that for programs consisting exclusively of short films the rate of the tax (municipal) may not exceed 20 percent of the admission price in Warsaw, 15 percent in other cities over 100,000, 10 percent in towns with a population of from 25,000 to 100,000, and 5 percent in towns from 10,000 to 25,000. Reductions do not apply to these taxes.

The following rates, plus 10 percent for customs expenses, are charged (American exports enjoy conventional rates where they exist):

	<u>Conventional Rate</u>	<u>Autonomous Rate</u>
	<u>(Zlotys per kilo)</u>	
Negatives	80	200
Positives (samples for local printing are admitted duty free, under bond)	110	200
Raw film	5.50	10
Advertising material:		
Stills	-	8.50
One-color posters	-	2
Colored posters	-	6
Mats	60	80

There are no laboratories for printing color positives of features, so the regular positive rates were applied for each print of a film imported. An appeal was made to the authorities for a special concession in these cases, which was granted on May 1, 1937, resulting in a reduction to 40 percent of the regular duty rate on positive films, i.e., 40 percent of 110 zlotys per kilo. It is reported, however, that there is a studio which can print color positives for shorts.

THEATERS -

There were in Poland, at the beginning of 1938, a total of 769 motion-picture theaters, with a total seating capacity of 272,800 seats, and during 1937, there were 192,700 performance days or an average of 251 per theater. Seven hundred and forty-three of these theaters were wired for sound, leaving 26 silent theaters. The number of theaters is slowly increasing, but is still considered too small for the country. In addition, there were also 40 traveling theaters.

In the vast majority of cases, films are distributed through three exchanges in Poland, located in Warsaw, Katowice, and Lwow (formerly Lemberg).

The total number is divided more or less as follows:

	Jan. 1, 1938	No of	Seating
	Population	theaters	capacity
Warszawa (Warsaw).....	1,261,000	66	39,920
Lodz.....	665,000	37	16,058
Poznan (Posen).....	269,000	14	7,599
Wilno (Vilna).....	208,000	9	4,312
Bydgoszcz (Bromberg).....	137,000	6	3,200
Czestochowa.....	136,000	5	
Lublin.....	120,000	5	3,123
Gdynia.....	114,000	9	3,214

Katowice zone: Total wired 166; total unwired, 1; with the wired houses situated in principal cities as follows:

	Jan. 1, 1938	No of	Seating
	Population	theaters	capacity
Krakow (Cracow).....	255,000	17	9,191
Katowice (Kattowitz).....	133,000	27	12,682
Sosnowiec.....	125,000	7	3,479
Chorzow.....	109,000	6	4,737

Lwow zone; Total wired, 137; total unwired, 16. Lwow (Lemberg) with a population of about 318,000, has 23 wired theaters with 9,623 seats.

The average admission price for all Poland is reported to be around 0.73 zloty and for Warsaw only 0.93, with 0.25 zloty being the lowest price in the rural districts and 2.50 zlotys the top price for the best seats in Warsaw.

The Polish audience like "star-films" the best, especially those in the lighter vein. They are not particularly interested in problem plays or cultural themes, although these types draw well in the larger centers. Audiences frequently applaud American shorts and outstandingly good scenes in American films.

Box-office receipts are estimated by the trade to be around 40 to 42 million zlotys annually, distributed 12 million in Warsaw and 28 to 30 million in other parts of the country.

Tickets sold in motion-picture theaters in towns with over 20,000 inhabitants in Poland during 1937, as compared with 1936, follow:

	Thousands		No. of theaters	Per 1,000 persons	
	1936	1937		Tickets	Seats
Total.....	45,586	47,828	333	9,033	31
Towns over 100,000	34,477	35,466	196	10,550	31
of which:					
Warsaw.....	11,721	12,999	66	10,839	34
Lodz.....	6,051	6,575	32	10,860	25
Lwow.....	3,383	3,936	22	12,449	32
Poznan.....	2,570	2,678	14	10,773	32
Krakow.....	1,857	1,872	13	8,471	36
50-100,000 persons.....	4,805	5,134	41	7,606	27
20-50,000 persons.....	6,304	7,228	96	5,715	32

Receipts from tickets sold in towns with over 20,000 inhabitants were as follows:

	Z l o t y s	
	1936	1937
Total	32,636,000	34,213,000
Towns over 100,000	23,475,000	27,333,000
of which:		
Warsaw	10,903,000	11,735,000
Lodz	3,382,000	3,359,000
Lwow	3,754,000	2,600,000
Poznan	1,932,000	2,046,000
Krakow	2,204,000	2,098,000
50 to 100,000 inhabitants	2,589,000	2,793,000
20 to 50,000 inhabitants	3,572,000	4,087,000

One index of the motion-picture theater business in Poland is the attendance figures at Warsaw. During the first 8 months of 1938, attendance amounted to 9,265,297, while during the same period of 1937 it amounted to 7,532,066.

SOUND -

As stated above, 743 of the 769 theaters, or 96.6 percent, are wired for sound. It is not likely that the 26 unwired theaters offer much prospect for selling American sound equipment. What market they offer will probably be filled by locally produced equipment or possibly by some of the cheaper European makes. Some of the good theaters in Warsaw, however, need American equipment, because that in use does not reproduce properly. There is a demand for American equipment, but it is a very small one.

EDUCATIONAL FILM DEVELOPMENTS -

As stated above, PAT has a 16-mm. film library, and, in this connection, it is reported that they are in the market for American-made 16-mm. educational films, especially those produced by the Government, on agricultural subjects, farm-building construction, etc.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	530,395	\$19,427
Negative Sound.....	526,420	\$27,230
1937 - Positive Sound.....	615,388	\$22,989
Negative Sound.....	431,441	\$19,016

PORTUGAL

LEGISLATION -

There are no laws in Portugal prohibiting or restricting the purchase or sale of foreign exchange, nor are there any laws which give other countries preference over American motion-picture films.

Imports of motion-picture films into Portugal are not subject to any quota or other restrictions. Decree No. 22,966 of August 14, 1933, provided that 600 meters of Portuguese films were to be shown for each 9,000 meters of imported films during that year, and that the proportion of Portuguese films to be shown with foreign films each year would be fixed annually hereafter. Because of the continued small Portuguese production, however, this provision of the decree has never been put into effect.

The agitation noted in the local press last year for the increase in footage of Portuguese film to be shown at each exhibition, now fixed at 100 meters under the provisions of article 136 of Decree No. 13,564 of May 6, 1927, has completely disappeared in consequence of pressure brought by the local importers and distributors who would be adversely affected by this step.

About 3 years ago, three Portuguese firms engaged in titling foreign films with Portuguese texts petitioned the Portuguese Government requesting an increase in the import duty on films titled abroad. This request was rejected by the Portuguese Government. In 1937 the three firms again petitioned the Government and enlisted the cooperation of the Portuguese Industrial Association. It is understood that a draft of a decree increasing the duty on imported titled films has been drawn up and is before the Portuguese Government for signature. There is no doubt that this increase in duty, if approved, will handicap the sale of American films, distributed locally by producers' branches and that these branches, in being obliged to title their films locally, will incur an additional expense of 5,000 escudos for each film titled. It is estimated that at present about 75 percent of the American films imported are titled in the United States. The increase will affect only American films of producers who have local branches, as all other foreign films and American films produced by American companies with local distributors rather than branches are titled in Portugal. Although these branches claim that the work of the domestic companies doing such work is inferior to the American, the remainder, who distribute approximately half of the films in the country, consider it satisfactory.

CENSORSHIP -

During the first quarter of 1938, 279 films, of a total length of 298,579 meters, were censored by the Inspeccao de Espectaculos, as compared with 301, totalling 307,982 meters, in the corresponding period of 1937. Number and country of origin of the films censored are shown in the following table:

	First 3 Months			
	1938		1937	
	No.	Meters	No.	Meters
American	176	204,342	170	206,996
French	50	56,211	56	51,971
Portuguese	33	6,387	38	5,179
German	10	9,931	22	27,778
British	6	14,157	11	10,227
Austrian	1	390	1	489
Spanish	-	---	1	2,196
Italian	1	2,961	2	3,146
Argentine	2	4,200	-	---
	279	298,579	301	307,982

In the first 8 months of 1938, 4,579 kilograms of developed motion-picture film, valued at 1,106,353 escudos, were imported, as compared with 3,733 kilograms, valued at 1,139,810 escudos, in the corresponding period of 1937.

According to information received from local film distributors, two American and three French films were rejected by the censors during the first 9 months of 1938. The censors are not required to give any reasons for the rejection of the film, although they may state that rejection was under the provisions of article 133 of Decree No. 13,564 of May 6, 1927, which prohibits the showing in Portugal of films pernicious to the education of the people, those which may incite crime, and those contrary to the morals of the Portuguese people or their political or social regimes. Films showing robbery by violence or breaking in of domiciles, and the means which may be employed in committing such crimes, or those glorifying crime by symbols or photographic effects are also prohibited.

The censorship is said to be strict, and, in addition to the rejection of films, often requires the cutting of scenes before approval is granted.

There are no censorship agreements formulated with other countries to bar films which are objectionable on protest by a friendly country.

COMPETITION -

The principal competition afforded American films in the Portuguese market comes from French, German, and British firms in the order named. As will be seen from the figures given for films censored, American films dominate the local market. While, on the basis of censored films, American films account for only about 50 percent of the total, it is estimated by local distributors that on the basis of exhibitions they make up approximately 75 percent of the total.

While it perhaps cannot be said that there is any preference for American

films "per se" in Portugal, audiences are said to be most critical, and on this basis American films may be said to be preferred.

COPYRIGHT RELATIONS -

Under the provisions of Governmental Proclamation of July 20, 1893, foreign copyrights and foreign producers are protected from piracy.

PRODUCTION -

Three feature films and approximately 100 short films, mainly of 100 meters each, were produced in Portugal during the first 9 months of 1938. Two additional feature films are now projected, work having been started already on one of them. It is not believed that either of these will be released before 1939.

There is only one studio in Portugal equipped for the production of sound films, and this is used in turn by the several local producers, on a rental basis. Production has been held to a minimum by the lack of capital on the part of producers, and the disinclination of banks and the public to invest in an industry in which the returns are doubtful. Films produced in Portugal thus far are below the technical standard set by foreign films. This is due to the lack of trained directors and artists; most of these now employed have come from the theater.

There is no law requiring "dubbing" of foreign films in Portuguese, the language of the country, nor are there any domestic facilities for this work. There is no objection to "dubbing" if it is well done; several such pictures have not succeeded in the past because of poor work which made "dubbing" quite obvious.

It is estimated that a total of 70 to 90 million escudos is invested in the motion-picture industry in Portugal, the total being divided as follows: Producers, 5 million escudos; distributors, including American branches, 15 million escudos; exhibitors, from 50 to 70 million escudos.

There is no governmental subsidy for the motion-picture industry in Portugal, and the assistance given it is limited to the provisions of the several decrees in force, including the compulsory showing of 100 meters of Portuguese film at each exhibition, and the lower tax paid for the exhibition of Portuguese films. Producers are also exempt from the payment of duties on motion-picture equipment and material.

TAXES -

The taxes paid by motion-picture theaters in Portugal are considered high and are based upon a percentage of the box-office receipts computed according to seating capacity. Where less than two-thirds of the sound film shown has been produced in Portugal, the tax is 7 percent of two-thirds of the box-office receipts calculated on the basis of the number of seats in the theater.

Where two-thirds or more of the sound film has been produced in Portugal, the tax is the same as that prescribed for the legitimate theater, opera, vaudeville, and reviews. For example, in a theater with a seating capacity of less than 1,000, the tax is 3-1/2 percent of the price of tickets for one-half the seating capacity of the house.

It is reported that it is the intention of the "Germio Nacional dos Distribuidores de Filmes Cinematograficos" to petition the Portuguese Government to change the above tax so that it may be paid on the number of actual tickets sold. This request has been made on previous occasions but has always been denied.

Distributors are taxed 12 percent plus 4 percent of the estimated profits of the company according to an estimate made by a committee appointed by the Government for the purpose of levying these taxes.

Motion-picture films imported are subject to an import duty of 5.50 gold escudos (for customs purposes, 1 escudo is equal to 24\$45 paper escudos), plus a surcharge of 20 percent when brought to Portugal in vessels of countries with which Portugal has navigation treaties, or 28 percent if no navigation treaty is in force with the country under whose flag the vessel is registered.

THEATERS -

It is estimated that there are approximately 210 motion-picture theaters in Portugal, of which 185 are wired for sound. The total seating capacity is estimated at 120,000.

The average admission price for motion-picture theaters in Lisbon and Oporto is 4 escudos (approximately \$0.18), and in other parts of the country 1.50 to 2.50 escudos (approximately \$0.07 to \$0.11). The "Germio Distrital dos Exibidores de Cinema de Lisboa" (District Guild of Motion-Picture Theaters of Lisbon) is contemplating the regulation of prices for the Lisbon theaters, and it is possible that this scale will be increased slightly.

Comedies, adventure and Western films, and historical films are the best liked by the Portuguese audiences.

It is estimated that motion-picture attendance in Portugal averages between 19 and 20 million annually.

SOUND -

Approximately 185 of the total of 210 motion-picture theaters in Portugal are wired for sound. Of the remaining 25 theaters, practically all are located in small towns or villages, and some of them are able to show sound films by renting portable equipment from time to time. About 100 motion-picture houses (chiefly in the smaller cities and towns) have only one to two shows a week.

At the present time, the market for sound equipment is limited to sales for replacements of obsolete equipment, and to occasional sales to clubs or societies.

EDUCATIONAL FILM DEVELOPMENTS -

At present, dealers report that no market exists for the sale of educational motion-picture films and equipment. Although a few years ago, the Portuguese Government appointed a committee to study the introduction of educational motion-picture equipment in the schools and universities. This committee pronounced itself in favor of the 35-mm. equipment, and about 12 installations were purchased for the schools and universities. Of these 12, 5 are placed in Lisbon, and others at Oporto, Coimbra, and Braga. These projectors are generally not used for teaching purposes, but are employed to exhibit ordinary films in the schools which are rented from distributors. In some cases, small admission fees are charged and receipts are used for the payment of the rental of the film. Any balance reverts to the school's fund.

It is not believed that a change to the 16-mm. films will be made, and it is understood that it is in this category that most of the educational films are available.

The schools and universities are owned and conducted by the Ministry of Education, and it is possible that it may consider the purchase of educational films of 35 mm. in the future. At present, however, none is contemplated.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	1,659,694	\$44,040
Negative Sound.....	—	\$ —
1937 - Positive Sound.....	1,825,962	\$48,374
Negative Sound.....	—	\$ —

* * *

RUMANIA

LEGISLATION -

Since 1932, the National Bank of Rumania has been vested by the Rumanian Government with a monopoly control of all foreign-exchange transactions. Legally, transfers of foreign exchange cannot be made except through the National Bank or through authorized private banks. Until recently, all exchange arising from exports or other sources had to be ceded to the National Bank at rates established by it. The purpose of this control has been to balance the foreign trade of Rumania by restricting imports in order to protect the stabilization of the Rumanian currency.

By reason of lower world prices for Rumanian agricultural products, this year the commercial balance has been jeopardized. With the purpose of pushing exports in July and August 1938, the Rumanian Government amended the regulations governing foreign-exchange restrictions. The most important modification has been the granting, to Rumanian exporters of selected products, of the right to retain a part of the resulting exchange and to sell it to Rumanian importers at higher prices than the officially established rates. Thus Rumanian exports received a strong impetus, and new possibilities of payment exist for importers.

Until the end of 1936, it was difficult to import goods from countries with which Rumania's foreign-trade balance was unfavorable. Since then, the exchange situation has improved and almost all old commercial debts, which had been accumulating for a number of years, have been liquidated. The year 1938 has witnessed an even greater improvement in the foreign-exchange situation, although efforts to compress imports have continued.

The most difficult problem faced by local film importers during the past few years has been the transfer of foreign exchange due parent distributing companies. As the National Bank of Rumania has refused to grant exchange to cover royalty payments, except in very small proportions, local importers, distributors, and branch houses have been compelled to use unorthodox methods of transfer which were not only risky but also costly.

On July 28, 1938 (Ministerial Decision No. 1161), the compensation trading lists were revised, and the number of articles which may be imported in compensation (A List) against selected exports (B List) was increased. Motion-picture films and advertising materials were added to the list (customs articles Nos. 806 for films and 794 for advertising materials). Contrary to the general rule on compensation trading, imports of motion pictures may be made only if prior import licenses have been granted. Inasmuch as a good many of the films shown in Rumania are copied locally, the respective negatives being imported, copied, and then reexported, this does not present great difficulties. Exchange for payment for films, or for royalty payments, can be purchased from the exporters of only a small part of List A goods, namely: lard, canned meats of all kinds, dressed poultry, Rumanian rugs, alfalfa, clover, and other forage seeds, mustard and poppy seeds, hemp, flax, and sunflower seeds, tomato extracts and juice, canned fruits and vegetables, liquors, plum brandy, champagne national knit goods and embroideries. Besides such exports, film importers may pay their outstanding debts from a part of the exchange arising from exports of cereals to Great Britain and Belgium. Compensation dollar exchange costs about 240-250 lei per dollar (as compared with an official rate of 140 lei per dollar), while exchange arising from cereal exports is selling for about 290 lei per dollar, or more than twice the official rate. This year, local film companies have transferred fairly large amounts to the United States and, although the rates of exchange are high, local distributors are pleased to be able to clear up old outstanding accounts which have caused them much annoyance in their relations with their parent companies.

In accordance with the commercial treaty between Germany and Rumania, German films benefit from a reduction in import duties. German films pay a duty of only 8,500 lei per 100 kilograms instead of the regular duty of 15,000 lei per 100 kilogram levied against American and other films. This is the only known discrimination against American films in the laws and treaties of Rumania. The large amounts of Reichmarks at the disposal of the Rumanian Government in the Rumanian-German clearing account during 1938 made it very easy to secure import licenses and exchange to pay for German pictures.

For motion-picture films, together with most products other than raw materials, it continued to be necessary, during 1938, to obtain import licenses. Such authorizations are granted on weight and value and, in general, only when the National Bank of Rumania has available exchange of the country from which it is desired to import. The fact that American pictures are usually copied in Rumania and, therefore, only one negative must be imported into Rumania, makes the situation quite easy for local distributors of American films, and only limited import authorizations are necessary.

According to statistics submitted by the Direction of Foreign Trade, Ministry of National Economy, during the first 9 months of 1938 only 303 kilograms of films were authorized for importation from the United States, and all this on the compensation basis. This is another indication that negatives are imported for which no import authorizations are necessary, these negatives being returned as soon as copies are printed in Rumania. It must be mentioned that during the same period of 1937 and 1936, similar authorized imports amounted to 4,750 and 4,474 kilograms, respectively.

Figures are not yet available on actual imports of motion-picture films from the United States for any period later than the first 3 months of 1938, during which they amounted to 500 kilograms out of a total of 4,951 kilograms.

The company for making prints of motion-picture films was established in Rumania in 1937 by an American citizen. The results have proved to be very acceptable, and local importers and distributors are quite satisfied with the copies, although because of the material used, their durability is reported to be lower than that of copies printed in the United States. The important fact is that making prints in Rumania obviates the necessity of importing several copies of each picture, and small import quotas will cover a large number of films.

Although the high rates for exchange to cover payments for American films increase the cost of the contracts, legislation which might reduce or prevent American distribution of motion pictures is not anticipated. Competent observers think that the superior qualities of American pictures will keep at a minimum any serious competition on the part of European producers favored by better payment conditions.

In view of the nonexistence of a domestic film industry, except for propaganda news reels issued by the Government, theater owners are not required to show domestic films on each program.

CENSORSHIP -

According to reliable sources, in the absence of any official figures, approximately 350 films (full-length pictures) were submitted to the censorship during 1938. Of the total number of films submitted for review, about 15 were refused exhibition licenses.

About 10 films refused were of American production; the other 5 were European. The 10 American films rejected were, it is understood, of the gangster type, which the censorship office considered would incite the public to commit crimes, despite the triumph of law and order in the end.

The five European films rejected favored communistic tendencies, were anti-religious, had a Hungarian atmosphere or propaganda for treaty revision, made the institution of monarchy comical, or were considered erotic.

Since the beginning of 1938, the censorship has become very strict, and often films which deal in a light or mocking manner with subjects considered connected with national dignity, or with the preservation of public veneration for the institutions of the State, are severely cut before being allowed to be exhibited.

In the past few months, exhibition licenses were not granted for films with political tendencies, either left or right, or for films showing Hungarian or Russian social or political conditions or anything that might prejudice the present form of Government in Rumania.

There is a tacit understanding between the Rumanian Government and other Governments not to permit the exhibition of pictures which attack or prejudice the reputation of the chiefs of foreign States, and the Rumanian censorship is strictly observing this agreement.

COMPETITION -

The strongest competition for American films continued, during 1938, to be offered by the French, with films produced in Germany in third place.

Seventy percent of all the films shown are American - according to competent and reliable sources. This figure is for full-length features, while news reels and shorts of American production have an even larger proportion. American films are gaining popularity in spite of the language difficulty. An exception to this preference is found in some cities of Transylvania where the people of German race prefer German pictures which they can better understand. Rumanian films are not popular, although one picture, of doubtful artistic value is produced every 2 or 3 years.

COPYRIGHT RELATIONS -

Rumania is a member of the International Copyright Union. Copyright reciprocity between Rumania and the United States was established by an agreement

proclaimed by the President of the United States on May 14, 1928. No changes occurred during 1938.

In addition to this law, the Rumanian censorship office does not permit the exhibition of films before the applicant for the license has proved that he has the right to exhibit the film in question, presenting duly signed documents from the producing company. This provision renders film piracy impossible at the present time.

PRODUCTION -

No Rumanian feature films were produced in 1938, as no local film industry exists and, in view of the impossibility of finding an export market for films with Rumanian dialogue, private capital has avoided investment in such an industry. The few pictures produced were made by foreign technicians, mostly Hungarians and Germans. The predominating language of the country is Rumanian. Foreign films are not required to be dubbed with Rumanian dialogue, and several attempts to dub films 3 years ago proved to be unsatisfactory, not justifying the extra expense. Under such circumstances, the Rumanian authorities, who intended to enforce by law Rumanian synchronization of all foreign films, have given up the attempt to make dubbing compulsory.

In 1934, a decree creating a National Cinematography Fund was issued. Although collections for the account of the fund since then are estimated at more than 130,000,000 lei (\$928,571), they have not been used for domestic productions but for Rumanian propaganda abroad and within the country. The Fund was transferred in 1936 to the National Tourist Office, which decided it could be expended to greater advantage in carrying on propaganda abroad. In 1938, the National Cinematography Fund was returned to the Undersecretary of Propaganda, whose office is producing propaganda pictures, Rumanian shorts and news reels; it does not anticipate producing any commercial films. The negatives imported for the printing of copies in the country are exempted from import taxes, except the 12 percent ad valorem import tax. The National Cinematography Funds come from taxes paid by film distributors and exhibitors. In the absence of any official figures, reliable sources indicate that the total investments in the distribution of motion-picture films amount to about 50 million lei, while exhibition investments amount to about 70 million lei.

TAXES -

Local motion-picture exhibitors pay the following taxes:

25 percent of face value of admission tickets paid in advance at the time the tickets are stamped by the fiscal authorities.

21 to 36 percent of net income, according to the balance sheet closed at the end of each 12-month period.

10 percent of rent which is paid as a municipal tax.

Other minor taxes take about 5 percent of net income.

On each admission ticket the following stamp taxes are affixed:

Aviation Fund stamp of 1 leu.

Social Assistance stamp of 1 leu.

National Cinematography tax of 1 leu.

Tax for support of State theaters and opera, 2 lei.

Total, 5 lei.

On admission tickets with a face value over 20 lei, the Aviation Fund stamp is doubled (2 lei) and a municipal tax of 2 lei is added, making the total of such taxes 8 lei instead of 5.

The more prosperous^e first-run theaters consider the above taxes high, while the second and third run houses, with small admission charges, find them almost ruinous. According to some calculations, theaters pay from 40 to 65 percent of gross receipts as taxes. This leaves between 60 and 35 percent to cover all other expenses such as rental of films (between 50 and 25 percent of receipts after taxes have been deducted), rental of theaters, electricity, salaries of personnel, fuel, repairs, advertising, and amortization of cost of equipment. During 1938, exhibitors continued to make every effort to secure lower taxes, but without avail. The fiscal authorities feel that exhibitors make sufficient profits to be able to support even higher taxes. Theaters owned by non-profit-making societies are required to pay only 11.1 percent instead of 25 percent of the face value of the admission tickets as taxes.

Importers and distributors pay income taxes on the basis of their annual balance sheets and profit-and-loss statements. It is reported that many items which the companies consider to be legitimate expenses are not so considered by the fiscal authorities, and often the net profit shown in the books is increased by as much as 100 percent for taxation purposes.

Rates of income-tax assessment against corporations vary between 21 and 36 percent. If payment is made in a lump sum a year in advance, a discount of 7 percent is allowed. If the payment in advance is for only 3 months, the discount is only 3 percent.

A tax of 2.4 percent of declared value is collected on all royalty contracts. This includes 1 percent for the Aviation Fund.

A tax of 1.2 percent is collected on contracts with exhibitors. Distributors and exhibitors often share this tax. Individual income taxes of personnel are progressive and are usually from 4 to 8 percent. Often the companies pay these taxes. A municipal tax of 12 percent of the rent paid is also assessed. This includes a 2 percent sanitary tax. In addition, there are a number of minor taxes which total perhaps another 5 percent of net income.

During 1938, a number of distributors have had difficulties with the fiscal authorities, who have charged them with not having paid the income taxes required on the profits made by their parent companies through operations in Rumania.

The following table gives the import taxes paid on imports of films (tariff article 806) and advertising materials (tariff article 794). It will be noted that a distinction is made between German and non-German films, the former paying a slightly lower initial tax.

<u>Import taxes in lei per kilogram</u>					
<u>Films (tariff article 806)</u>					Advertising materials (tariff article 794)
<u>Taxes</u>	<u>Copy one</u>		<u>Copy two and news reels</u>		
	<u>Other</u>	<u>German</u>	<u>Other</u>	<u>German</u>	
Average value...	5,000	5,000	2,000	2,000	800
Import tax	150	85	150	85	150
Luxury 12½ percent	625	625	250	250	—
Turnover 6 percent	—	—	—	—	48
Statistical ½ percent	25	25	10	10	4
Aviation Fund 3 percent	150	150	60	60	—
12 percent ad valorem	600	600	240	240	96
Import license	30	30	30	30	50
Navy (1 percent)	50	50	20	20	8
Aviation (2 percent)	10	10	4	4	1.6
Total lei	1,640	1,575	764	699	357.6

THEATERS -

According to statistics compiled by the Union of Rumanian Film Distributors, there are, at the present time, 372 theaters throughout Rumania. According to information from the same source, the total seating capacity of theaters is approximately 200,000.

Admission prices are divided into three categories: First category includes about 20 first-run theaters, 40-70 lei; Second category includes about 50 theaters, 20-40 lei, Third category covers the remainder 8-20 lei.

While the educated class of Rumanians prefer love-affair dramas, musical comedies, historical-background stories, films with world-famous stars, the lower classes prefer adventure films, exciting stories, and police and gangster films.

No statistics are available on the yearly gross income of theaters. Competent sources estimate such incomes as follows: Five largest theaters in Bucharest, each about 15 million lei; 50 larger theaters throughout the country each about 6 million lei; 320 other small theaters, each about 1.5 million lei.

SOUND -

More than 95 percent of the theaters are wired for sound. The theaters not yet wired for sound are very small, and even the cheapest second-hand installation would not be justified. The possibility of selling sound equipment exists among the third category of theaters, but the cost of such equipment must be low. German low-quality sound equipment is available, and it is believed that American equipment cannot compete in price with such German materials.

EDUCATIONAL FILM DEVELOPMENTS -

During recent years, the Rumanian Government has purchased small quantities of educational films and equipment for some of the higher educational institutions, but it has all been of standard size.

Some 16-mm. equipment and films are found in the hands of private owners and institutions.

The Rumanian Propaganda Office supplies schools and cultural bodies with educational films which it produces, but these are of standard size.

Official data are not available, but competent observers say that films are only rarely used for teaching in Rumania. Most Rumanian institutions of learning have restricted budgets which do not permit them properly to equip their laboratories. In view of this shortage of funds, it is very doubtful whether a market for educational films can be developed.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	566,134	\$14,772
Negative Sound.....	71,625	\$ 3,100
1937 - Positive Sound.....	1,713,356	\$ 35,616
Negative Sound.....	114,097	\$ 3,010

SPAIN

Generally speaking, the motion-picture business has held up remarkably well, and most of the picture houses in the territory controlled by the Spanish Government give performances to capacity crowds, even though the pictures shown are very old and it is sometimes necessary to remain 4 or 5 hours in the picture house to see a 2-hour show because of the interruptions due to lack of electricity. It is understood that there are no new films coming in except a few Russian films and that the majority of the films now being shown are from the 1936-37 season, which were received prior to the outbreak of the revolution. Of these films it is estimated that there are still about 100 to be released. The American films are still the most popular, although Russian films portraying social revolutions and like subjects are gaining in popularity.

MADRID -

Shortly after the revolution started, a committee formed by the Government took over and administered all the motion-picture houses in Madrid, and, according to the reports from the local agents of the various American film companies represented in Spain, the committee is working very well and all of its bills are paid punctually. As stated above, the houses are usually filled to capacity at each performance, and about 80 percent of the total number of houses which were in operation before the war are now operating. Most of the houses have three performances a day.

BARCELONA AND VALENCIA -

In Barcelona and Valencia the motion-picture houses have been collectivized by the syndicates, and it is estimated that about 66 percent are controlled by the "Union General de Trabajadores" (U.G.T.) - General Union of Workers and the remainder by the "Confederacion Nacional del Trabajo" (C.N.T.) - National Confederation of Labor. In Valencia the performances are only allowed in the afternoon and early evening, and in Barcelona, because of the lack of power the shows are intermittent but are given in the afternoon and evening as the circumstances permit.

In Valencia the bills are fairly well paid, according to the local agents, but in Barcelona the collections are poor, not because of poor receipts but because of faulty administration.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	200,054	\$3,581
Negative Sound.....	—	\$ —
1937 - Positive Sound.....	46,356	\$ 771
Negative Sound.....	17 842	\$ 221

SWEDEN

LEGISLATION -

Foreign trade in Sweden remains free, as in the past, from any quota or contingent regulations, and transactions in foreign exchange likewise continue unrestricted. No regulations requiring a certain percentage of Swedish films to be shown in each theater program are in operation or under contemplation, and no measures are being considered to exclude or curtail imports of American pictures. No foreign country enjoys any preferred treatment in the importation of pictures into Sweden.

CENSORSHIP -

During 1937 the Swedish Film Censoring Bureau examined 6,639 films (including copies) with a total footage of 4,622,243 meters. Of these, 2,210, with a length of 2,047,006 meters, were American; 3,572, with a length of 1,648,134 meters, were Swedish, and 857, with a length of 927,103 meters, were from other countries. Of the total number, 3,530 films, with a length of 851,379 meters, were news reels and so-called nature or travel films, comics and other "shorts" (animated cartoons, etc.)

During the first 6 months of 1938 (latest available figures) the total number of films (including copies) censored was 2,889, with a footage of 2,160,254 meters. Of these, 935, with a length of 953,841 meters, were American; 1,512, with a length of 802,465 meters, were Swedish; and 442, with a length of 403,948 meters, were from other countries. Of the total number, 1,360 films with a footage of 412,417 meters, were news reels and other "shorts."

All pictures distributed in Sweden so far during 1938, except only a few educational and nature shorts, were sound films.

A total of 24 films, having a length of 46,597 meters, were rejected during 1937. The corresponding figure for the first 6 months of 1938 was 17, with a length of 32,430 meters. There is no figure available as to the proportion of American films so rejected, but reliable trade sources estimate these at about 80 percent of the total. In this connection it must be noted that some of the films rejected have been partially cut and recensored, after which they have been passed for showing. Rejection is due to one or another of the causes mentioned below.

As a rule, films portraying suicides, horror scenes, and crimes tending to violate general laws and morals, as well as acting that may have a pernicious or brutalizing influence, are forbidden. However, there seems to be no hard-and-fast rule on this subject, in respect to which the Board exercises much discretion. Children under the age of 15 years may attend the showing of approved films only. Each film which is approved for such showing is classified as "Children permitted" by the Board of Censors. Films in which murders, robberies, hold-ups, gangster life, etc., appear fall in the "Children prohibited" class, or are in extreme cases rejected in toto.

There exist no censorship agreements between Sweden and other countries. However, there is a close cooperation between the Censor Boards in the Scandinavian countries, but the steps taken by another board do not have a binding influence on the opinion of the Swedish Board. There are, moreover, no agreements or understandings with any foreign countries to reject films which might unduly impair the relationship between Sweden and a friendly country, but it is stated by our informants that films of a nature to disturb existing amicable relations would be rejected.

COMPETITION -

Swedish companies continue to be the strongest competitors which American films encounter in Sweden. In 1938 the output of the Swedish industry is expected to rise to 30 features, most of which will be in the better class of pictures. It is generally expected that Swedish films, as their quality improves, will become an even more potent rival to American hegemony in the field than they are at present. Given a picture of about equal quality, it is quite obvious that the Swedish people, most of whom do not know English, will give preference to the Swedish film.

Norwithstanding the preference shown to Swedish films at present, American pictures still dominate the market. It is estimated that at least 60 percent of the films are of American production.

Income from film rentals, etc., cannot be ascertained with certainty. Owing to the longer runs enjoyed by Swedish films, the bulk of the income goes to Swedish companies, who are said to obtain about 50 percent of the earnings. American pictures, which on the average get a shorter run, take in about 38 percent of the income, with all other countries receiving the remainder of 12 percent.

COPYRIGHT RELATIONS -

Foreign copyrights are protected against piracy by Royal decree No. 381, dated May 30, 1919, as amended by Royal decree No. 74, dated April 24, 1931.

PRODUCTION -

During the current year, output by Swedish companies is expected to reach a total of 30 feature pictures. In 1937 the total production was 23 features, distributed as follows among the Swedish companies:

Aktb. Svensk Filmindustri	5
Aktb. Europafilm	5
Aktb. Irefilm	4
Aktb. Svensk Talfilm	3
Aktb. Fribergs Filmbyra	3
Aktb. Wivefilm	2
Aktb. Anglo Film	1

In addition, 41 news films were produced and released by Aktb. Svensk Filmindustri. These news reels are usually about 300 meters long and are released every Monday except during the months of June and July, when most of the picture houses are closed for the summer. Various shorts were also produced.

The dominant factor in the Swedish motion-picture industry is A. B. Svensk Filmindustri. This company is soundly financed and has been making consistent progress during the past few years. This company increased its dividend payment for 1937. At present the share capital amounts to 8,000,000 crowns, the company having been recognized and recapitalized in 1934 after the Kreuger crash. This company owns an extensive network of picture houses in Sweden. The studios of the company at Rasunda, outside of Stockholm, are modern and fully equipped.

Although much smaller, the second company in Sweden is A. B. Europafilm, with a share capital of 100,000 crowns (to-day's rate of exchange: Swedish crowns, 4.07 to \$1. U. S. currency). It is efficiently operated and maintains its own well-equipped studios in Stockholm. Third in rank is A. B. Irefilm, with only a nominal capital and a small studio in Stockholm. Other Swedish companies hire the studio facilities of A. B. Svensk Filmindustri for the production of their pictures.

American pictures "dubbed" in Swedish were tried out a few years ago but did not prove satisfactory, and, besides, the expense involved was not justified by the returns. There is no objection, however, to dubbing American films in Swedish, as has just been illustrated by the popularity of the new picture "Snow White", dubbed in Swedish, which is playing to capacity audiences.

The Swedish Government does not subsidize the Swedish motion-picture industry except indirectly through the payment of a fairly high import duty on imported pictures. It is impossible to estimate the total investment in the Swedish film industry.

TAXES -

Taxes are not excessive, being levied on admission tickets at rates varying between 10 and 20 percent. During 1937 taxes levied on tickets sold by motion-picture houses in towns and cities in Sweden (for rural districts no statistics are available) amounted to 4,212,259 crowns, against 3,895,360 crowns in 1936. This tax is governed by Royal Decrees No. 256, dated May 30, 1919, and No. 529, dated July 16, 1919, and are levied as follows:

<u>Price of ticket</u>	<u>Tax</u>
<u>(Sw. Crowns)</u>	<u>(Sw. Crowns)</u>
0.50	0.05
0.50 to 1.00	0.10
1.00 to 1.50	0.20
1.50 to 2.00	0.30
2.00 to 2.50	0.40
2.50 to 3.00	0.50

In addition, 10 percent of the remittances (license fees, royalties, etc) ., made by branch company offices of foreign producers of films to their home offices is taxable under the Swedish income and property taxation system. Other distributors, and domestic producers, in turn, as Swedish companies, are taxed in the ordinary way on the basis of the Swedish taxation system.

The Swedish import duty on developed films is 1,580 crowns per 100 kilograms actual net weight, including the weight of certain packings, and an undeveloped film 80 crowns per 100 kilograms actual net weight, including the weight of certain packings.

THEATERS -

On January 1, 1938 (latest available figures), there were 1,907 motion-picture theaters in Sweden, dividend into different groups, depending upon the number of performances per week, as follows:

	<u>No. of theaters</u>
Group 1 (14 performances per week)	332
Group 2 (8 to 13 performances per week)	91
Group 3 (4 to 7 performances per week)	180
Group 4 (1 to 3 performances per week)	971
Group 5 (1 performance per fortnight)	298
Group 6 (upon special occasions)	35
Total	1,907

In Stockholm there were 90 theaters, with 14 performances per week, on January 1, 1938. The average admission charge is 1.20 crowns.

On July 1, 1938, the seating capacity in the theaters in Sweden was as follows:

	<u>No. of seats</u>
Group 1 (14 performances per week)	140,028
Group 2 (8 to 13 performances per week)	29,057
Group 3 (4 to 7 performances per week)	51,213
Group 4 (1 to 3 performances per week)	199,376
Group 5 (1 performance per fortnight)	50,376
Group 6 (upon special occasions)	5,118
Total	474,949

Society dramas and comedies are still most popular. Epics and costume pictures are well liked if popular actors are starred.

No exact figures are available for theater revenue, but it is estimated at between 28,000,000 and 30,000,000 crowns for 1937.

SOUND -

There are 1,907 theaters wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The market for the sale of educational motion-picture films and equipment is very small, according to A. B. Svensk Filmindustri. This company organized a special division for selling 16 mm. films, but up to date, the business has been on a rather limited scale. Even though a large number of the universities and the high schools are equipped with projectors, they have very few performances per year. In most cases, they show Swedish films, but Aktb. Svensk Filmindustri is in close contact with the foreign producers and investigates the possible market for all new films as they are released.

No statistics are available as to how many schools use films for teaching purposes, but in cities and towns almost all schools show films at least twice a year.

The educational institutions are favorable to educational films, the small use being made of them being ascribed to inadequate appropriations.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	4,758,311	\$117,705
Negative Sound.....	9,661	\$ 243
1937 - Positive Sound.....	5,009,479	\$108,978
Negative Sound.....	44,694	\$ 845

* * *

SWITZERLAND

LEGISLATION -

Foreign exchange is not restricted in Switzerland. However, payments for imports from countries with which clearing or compensation agreements have been concluded must be made, usually at a fixed rate of exchange, through clearing accounts.

There are no laws giving to films of other countries preference over American products. On the contrary, there is a continued good demand for American films at present.

The Federal Decree of September 26, 1938, which went into effect on October 12, 1938, makes imports of exposed motion-picture films subject to a permit to be issued by the Federal Department of the Interior, which has also been empowered to fix import contingents. Up to now, however, no quotas have been fixed. It is understood that the primary purpose of this measure is to establish a dependably functioning import control of films, which was not possible heretofore.

The present measure is based on existing laws empowering the Government to establish import restrictions for various commodities, in particular on the decree of October 14, 1935, and on a subsequent decree of September 23, 1937. The right to issue such import permits has now been delegated by the Department of the Interior to the Swiss Film Chamber, which was formally constituted in Bern on October 27, 1938.

Import permits are not required for amateur films of 16 mm. or less intended for private use. Only films with a continuous story of at least 1,100 meters in length, if of normal width, or of at least 460 meters in length if 16 mm. wide, are subject to a permit requirement.

Import permits are not transferable and are valid for a period of 3 months. In exceptional cases the period of validity may be prolonged. Permits are to be issued only to persons or firms domiciled in Switzerland. The charge for such permits is fixed at 4 francs per kilogram net weight. In certain exceptional cases this charge may range from 1 to 5 francs per permit. Net weight is defined as the weight of the film and roll, the first packing paper, and the appropriate metal or cardboard container.

It is stipulated that films subject to import restrictions may be rented only by the holder of the respective permit and that existing regulations governing general quota restrictions adopted by the Swiss Government on February 1, 1932, shall apply also to films.

It is pointed out that the legislation establishing a film import control might be used later to reduce imports of American motion pictures. This, however, is not likely for the time being, as American films are considered indispensable to the Swiss market. Any restrictions on American or other imported films would be in the form of regulations issued by the recently constituted Film Chamber.

The functions of the Film Chamber may be summarized as follows:

(1) To maintain contact between the Federal authorities and groups actively engaged or interested in the Swiss film industry and to foster cooperation among these groups, with a view to promoting the Swiss film industry.

(2) Continued study and observation of developments in the film industry and of the markets at home and abroad.

(3) To render opinions and to make recommendations on matters pertaining to the film industry with which the Federal Government has to deal on the basis of existing legislation.

(4) To make proposals with respect to legislative and other measures looking to the promotion of a Swiss film industry.

(5) To further cooperation among the Cantons with a view to attaining a large measure of standardization in the film industry.

(6) To act as intermediary in obtaining amicable settlements of disputes in the film industry.

There are no laws requiring that a percentage of domestic films be shown on each theater program. However, a measure of this nature is contemplated for news reels which would make it compulsory for foreign producers to shorten their reels by 100 meters to make room for a corresponding length of domestic film. According to the sponsors of this plan, one-half of the extra cost is to be borne by the exhibitors, the other half by the film rental agencies, including also distributors who do not handle news reels.

CENSORSHIP -

Since film censorship is under Cantonal jurisdiction, accurate statistics on films censored in the whole country are not available.

The ground on which films are rejected vary widely in the different Cantons. Certain films may be accepted in some Cantons and rejected in others.

Figures showing the percentage of rejected American films are not available. Up to now, rejected American films were mostly of the gangster type and films tending to offend moral sensibilities. Unlike productions of certain other countries, no cases are known where American films were rejected on political grounds.

As a rule, censorship is not strict. It is liberal in the large cities and more strict in Catholic Cantons. Usually distributors can gauge in advance by experience whether a film will pass censorship. Occasionally a film considered generally acceptable by the distributors is barred in a certain Canton on inadequate grounds. For instance, the rejection of an American picture in the Canton of Vaud, which made it impossible to show it in the city of Lausanne, occasioned a great deal of criticism in the Swiss press.

Switzerland has no agreements with other countries intended to bar films objectionable to a friendly country or vice versa. In view of the present tense political situation in Europe, the Government of this small country is careful not to offend any of the neighboring countries, especially those with a totalitarian form of government.

COMPETITION -

The largest competitors of American films are the German and French producers.

In German-speaking Switzerland, 45 percent of the films exhibited are of American origin, 45 percent German, 9 percent French, and 1 percent others. Of the films exhibited in French-speaking Switzerland, 50 percent come from France 40 percent from the United States, and 10 percent from Germany and other countries.

There is practically no domestic production, though occasionally a full-length film of domestic origin is produced. For feature films and news reels Switzerland depends primarily on imports. The extent of the market for American films is influenced in large measure by the available supply of suitable German films which are usually given preference, but the lack of such films continues to favor the demand for American productions.

COPYRIGHT RELATIONS -

Swiss laws protect copyrights and also foreign producers against piracy. Motion-picture films come under the Federal law of December 7, 1922, governing authorship with respect to art and literature. Moreover, Switzerland has adhered to the Bern International Agreement known as the "Bern Union." American producers are therefore protected without the requirement of depositing with the authorities copies of the films exhibited in this country.

PRODUCTION -

In 1938, only one domestic feature film, "Fusilier Wipf," was released in this country. This film is 3,200 meters long and has had up to now a continuous 10 weeks run in Zurich and in Bern, thereby breaking all records for any feature film exhibited in this country, either foreign or domestic. The success of "Fusilier Wipf," while similar domestic productions in the past turned out to be commercial failures, is due in very large measure to the timeliness of the subject matter. The dialog is in German-Swiss dialect and the theme of the play deals with the defense of the nation's frontiers in the World War, a subject which fits in well with the present international situation in Europe. It is a typically Swiss film which is not likely to be successful in any other country if synchronized.

The domestic production program for 1938 calls for two full-length films. In one, the story is based on the life of a Swiss family, the other features Swiss aviation.

Production facilities are not adequate. The "Tonfilm Frobenius A.-G." in Munchenstein, near Basel, has its studio in a building formerly used as a factory. The only other important producer, the "Praesens Film A.-G." Zurich, which specializes in advertising films, operates a small studio of its own.

There is no film industry in Switzerland specializing in full-length feature pictures. However, there appears to be no lack of funds for the financing of projects to create a domestic film industry. As practically no full-length films are produced in this country, there is no basis for a comparison of the technique of Swiss and American films.

American films are usually dubbed in German or French, but not in the dialects commonly spoken in Switzerland. The predominant languages of the country are German (72 percent), French (20 percent), and Italian (6 percent).

Up to now the Government has granted no subsidies to further the domestic motion-picture trade. Several projects put forward in recent years for the establishment of a domestic industry with the aid of Government subsidies failed to materialize. It is believed that the work of the newly established Film Chamber may encourage the granting of Government subsidies for this purpose.

Accurate figures showing the total investment in the domestic motion-picture industry are not available. According to the best estimates, approximately 35 million francs are invested in the 354 cinemas in operation in this country. Estimates of investments in production and distribution are not available

TAXES -

Taxation in Switzerland is relatively high. Motion-picture theaters are taxed on the same basis as other businesses. In some Cantons taxes are levied on income only, in others on capital only, while in certain Cantons taxes are levied on both income and capital. Motion-picture theaters are subject also to an amusement tax of 10 percent, in some Cantons 15 percent.

Distributors are subject to the same taxes as theaters. In addition, a charge of 4 francs per kilogram will hereafter be made for import permits for films to be exhibited in public theaters.

In the city of Zurich the ticket tax yielded, in 1937, 459,130 francs, in Bern 163,943 francs. In most cities the ticket tax collected from cinemas constitutes the bulk of the revenue from the amusement tax.

THEATERS -

There are 354 regular cinemas in Switzerland, with a total seating capacity of close to 135,000. Admission prices range from 1.10 to 4.40 francs, including tax, the most popular prices being 1.65 to 2.20 francs.

It is difficult to specify a preference for any one type of film, as this depends largely on the different characteristics and peculiarities of the population, as reflected in the racial and political structure of this small country. Practically all types of films are exhibited in Swiss cinemas. However, regardless of the type, films produced by well-known directors and starring actors with an international reputation usually attract large audiences.

As a rule the subject matter of American motion pictures does not appeal to the average Swiss theatergoer. The popularity of American films is attributed primarily to their technical superiority. American revue films, while popular in the larger cities, fail to attract audiences in the rural districts.

The yearly income of Swiss cinemas is estimated at 30 million francs.

SOUND -

Practically all of the regular 354 cinemas are wired for sound. Sound equipment can be sold only to new theaters or for replacement purposes. The market for sound equipment is strictly regulated on the basis of an agreement between a leading American company and the German syndicate of manufacturers of sound film apparatus. On the basis of this agreement, Switzerland was allocated to German manufacturers, and the American firm in question now confines its activities to supervising its equipment installed in 45 cinemas prior to 1930, when this agreement became operative.

EDUCATIONAL FILM DEVELOPMENTS -

The market for educational motion-picture films of 16 mm. is not considered sufficiently developed. No data are available on the number of schools or colleges using this type of film for teaching purposes. Efforts are being made to encourage the use of motion-picture films for educational purposes, but indications are still lacking that a market for such films and equipment could be developed in the near future.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	952,468	\$20,460
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	977,017	\$22,684
Negative Sound.....	--	\$ --

* * *

UNITED KINGDOM

LEGISLATION -

Prior to 1938, motion-picture legislation in the United Kingdom for a 10-year period was based upon an act which expired March 31, 1938. At this time a new Films Bill was adopted to govern the industry for a further 10-year period from April 1, 1938. This complicated legislation was the subject of extensive and detailed consideration and discussion for months before its final acceptance.

The object of this basic law for motion pictures follows the general precedent established by the previous legislation and is set forth officially in the preamble of the law, as follows: "An Act to make further provision for securing the renting and exhibition of a certain proportion of British cinematograph films, and for restricting blind booking and advance booking of cinematograph films; to make provision as to the wages and conditions of employment of persons employed by makers of cinematograph films; and to provide for purposes connected with the matters aforesaid."

The detailed provisions of this new law have been applicable to the industry during the last 9 months of 1938 for renters and the last 3 months for exhibitors and, therefore, have become familiar to the trade during this period. In general, it might be said that the restrictions and quotas provided for are designed so that renters and exhibitors must utilize a larger proportion of British-made films, and foreign (meaning American) producers are induced by cost test qualifications for quota purposes, etc., to make quality pictures in Great Britain for both domestic and world distribution and exhibition. For specific information concerning any particular point controlled by this new law, the act itself should be referred to, as it is too comprehensive and detailed to be summarized briefly in any such review as this. (A special edition of Motion Pictures Abroad, dated May 15, 1938, issued by the Motion Picture Division of the Bureau of Foreign and Domestic Commerce, contains this Cinematograph Films Act, 1938, in full, as well as two subsequent Statutory Rules and Orders issued under its authority.)

In commenting on this legislation, it is worthy of note that various administrative measures in the application of the law are left under the authority of the Board of Trade and that a Cinematograph Films Council is provided for, to act in a consultative and advisory capacity. It is provided that this Council shall include representatives from producers of British films, renters, exhibitors, employees of British film producers, and independent persons. In this manner, it is intended that the various interests of the motion-picture industry shall be provided with an official source for making representations concerning the application of the law.

Other than the above specific legislation concerning motion pictures, there are no currency or foreign-exchange restrictions prevailing in the British market which affect the motion-picture industry, nor is any preference established for other foreign films which acts to the detriment of American interests. No additional basic legislation concerning the motion-picture industry is under official consideration at the end of 1938.

CENSORSHIP -

The operation of British censorship is well known in the motion-picture trade, and in fact the British Board of Film Censors actually is not a statutory or governmental organization but a trade body established many years ago. Final acceptance or rejection of a film for exhibition officially rests with the Local Licensing Authorities throughout the country, numbering some 700, but

almost universal acceptance is given to the decisions and control exercised by the Board, and generally the situation is considered satisfactory. In connection with the power of Local Authorities it should be noted that when a film is rejected by the Board of Film Censors an application for special review can be made to Local Authorities, and a few notable instances have occurred where this procedure has resulted in local exhibition of the rejected film.

Detailed discussion of the specific standards followed in censoring film appears to be superfluous, but it might be mentioned that three grades of certificates are issued. "U" means passed for universal exhibition. "A" is recommended more especially for adult audiences and, under nearly all Local Licensing Authorities, children must be accompanied by adults when attending. The "H" category stands for "Horrific", and usually attendance of children is entirely prohibited. Recent experience has been that well over four-fifths of the film subjects passed by the Board receives the "U" certificate, while the "H" category has been confined to one or two per year. It should be noted, however, that this proportionate division applies to the total number of subjects and not to feature films alone, which get a smaller proportion of the "U" certificates.

Probably the outstanding feature in the British censorship situation is the close contact maintained with the industry in the form of consultation and advice regarding proposed productions, reviewing scenarios, etc. Another important factor is the effect of decisions reached by the British Board of Film Censors with respect to treatment by appropriate authorities throughout the British Empire.

Recent problems in censorship have included difficulties involving possible political bias in news reels as a result of strained international relationships and a proposed British feature production concerning the Indian Mutiny to which objection was reported by the India Office.

No regular annual report is issued by the British Board of Film Censors. A recent custom has been for the president of the Board to give an address at a summer trade gathering of exhibitors in which he summarized the work of the Board for the previous year. This practice was not followed during the current year, but the following particulars concerning 1937 have been released. The total footage of the films examined and passed amounted to 6,741,067 feet, comprising 2,214 subjects. Of this number, 376 synchronized films were passed with the "A" certificate, 1,831 synchronized films were passed with the "U" certificate (and 6 silent films with the "U" certificate), and one subject was passed in the "H" category. Nine films were rejected, amounting to 20,071 feet.

Current information for 1938 is confined to the monthly statements issued by the Board which list those films passed and indicate the class of certificate granted. During the first 11 months, these lists indicate that 1,969 subjects

have been passed, of which 1,692 were given "U" certificate, 276 certified as "A", and one placed in the "H" category. On this partial basis an estimate for the entire year would indicate some slight decline in total number as compared with the previous 12 months. The number of complete rejections during this period is not indicated.

COMPETITION -

In the motion-picture film market of the United Kingdom competition is practically limited to that between British-made and American films. Other foreign pictures account for an entirely insignificant proportion of the total shown and are practically confined to a few theaters in the largest centers which specialize in this type of entertainment.

The operation of the Cinematograph Films Act during the past 10 years has placed the competitive situation between British and American films on an artificial basis by means of imposing minimum quota requirements for British-made films upon both renters and exhibitors. The new Films Bill adopted during the past year is covered in the above section concerning legislation.

The latest official data issued by the Board of Trade cover the year for exhibitors ended September 30, 1937, and the comparative figures for this period and the previous year are as follows (to show the proportion of British-made films):

<u>Year</u>	<u>Quota percent</u> <u>required</u>	<u>Percent actually</u> <u>shown (all pictures)</u>	<u>Percent actually</u> <u>shown ("features")</u>
1936.....	20	27.4	29.4
1937.....	20	27.9	29.3

It will be noted from these official figures that during the latter of these two annual periods the percentage of all British-made pictures shown (long and short) increased by one-half of 1 percent but that the percentage of "feature" films actually declined slightly. For practical purposes it can be considered that the remaining percentages covering foreign films represent almost exclusively American films, as the proportion of other foreign pictures (principally German and French) has been previously indicated as insignificant, in total number of "feature" films accounting for less than 0.5 percent.

One result of the artificial stimulation caused by the legal quota requirements has been the increase in British-made films by American producers, and a change in the type of these is evident under the provisions of the new act.

A distinct problem for the motion-picture industry during the year has been the decline in the total number of pictures available. On the basis of trade information, including early December, it appears that the number of "feature" or long films (both British-made and American) to be registered during the year has dropped between 15 and 20 percent, while the number of short films is off by one-third or more. Actual releases made or scheduled for 1938 number 463 foreign "feature" films - almost all American - and 162 British-made

pictures.

One result of the current shortage of films has been a series of so-called revivals or re-issues of older pictures throughout the year, and in many instances these have given surprisingly satisfactory results, although recognized as a temporary expedient to solve the immediate situation. It can be said in general that, without qualification, American films are well received by the British public and give continually recurring evidence of their popularity.

COPYRIGHT RELATIONS -

Under British law and practice the interests of the author and producer are fully protected. The ordinary legal reference is the Copyright Act of 1911 as amended. Great Britain entered into copyright relations with the United States on July 1, 1891; extended April 9, 1910; further extended January 1, 1915. Great Britain is a member of the International Copyright Union at Berne.

PRODUCTION -

Final actual production figures for 1938 are not available as this is written, but from trade sources it is learned that registrations under the Films Act, to include the first week in December, have comprised 150 British features and 285 short films.

Trade film releases during 1938 numbered 162 British features and 463 foreign, practically all of the latter being American. Films scheduled for release during the first quarter of 1939 number 83 foreign features and 19 British.

The physical production facilities of the British motion-picture industry are adequate for present requirements and may be considered as well financed, although various difficulties in this connection have resulted through the ill-success of some producing ventures. The present attitude in financial circles makes it much more difficult to obtain important funds for producing companies than was true sometimes in the past. One phase of the situation by which it is hoped to strengthen the financial position of some British producers is through arrangements to increase distribution of British-made films in the United States.

Obviously, dubbing is no problem for distribution of American films in the British market, but one official proposal in this connection is interesting. This concerns the possibility of an arrangement to handle foreign films, admitted duty-free under bond, for dubbing and re-export as a stimulus to British employment in the industry.

On the technical side of British production, the increasing use of and interest in color is noteworthy. It is freely predicted in some sources that the next 12 months will see a further increasing and really widespread use of color film, particularly in the field of short pictures but also for features. Another phase, which always warrants consideration, concerns the possibilities

in connection with television, although this appears to remain for future development.

TAXES -

There is a national Entertainment Tax which is specific in amount for each price category of tickets. Local taxation is governed by the individual local rating laws which provide normal tax treatment for motion-picture theaters. The import duty for films is reasonable, and in the generally high field of British taxation the treatment of motion pictures can be considered as moderate, although the Entertainment Tax yields some 6 or 7 million pounds sterling to the Exchequer annually.

While not considered in the direct category of taxation, there is a special related feature worthy of note under the Sunday Entertainments Act, 1932, which gave local authorities permission to open and regulate cinematograph theaters on Sunday. The local authorities alone have the power to give such permission, and it is estimated that about 1,000 out of the approximately 5,000 theaters in England are now permitted Sunday opening. It is provided under this act that the local authority shall demand from the theater a proportion of the profits for that day, part of which sums collected shall be used for local charitable purposes and another proportion shall be paid into the "Cinematograph Fund" under the direction and control of the Privy Council for the purpose of encouraging the use and development of the cinematograph as a means of entertainment and instruction. Something like 9 or 10 thousand pounds sterling is now received into this central fund annually, and the principal use for it has been in supporting the British Film Institute, which is active in the promotion of the use of motion pictures for educational purposes. The amount paid into the national "Cinematograph Fund" is equal to only about 5 percent of the total collected by the various Local Authorities, the remainder collected under the Sunday Entertainments Act, 1932, being devoted to local charitable purposes.

THEATERS -

Practically all motion-picture theaters in the United Kingdom are now equipped with sound apparatus. The number varies from time to time, as a result of openings and closings, new construction, reconstruction, etc. The total number of theaters is well in excess of 5,000, and one of the best trade sources puts the figure at approximately 5,300, at the end of 1938. The number of theaters built during 1938 has been 185, and an estimate for construction of new theaters during 1939 is for 130 new units. There are a number of relatively small so-called marginal theaters which come and go from time to time but are not considered in the above analysis, and the importance of these is relatively insignificant. The estimated total seating capacity of the motion-picture theaters is approximately 5,000,000, while an estimate for the seating capacity of those not including Ireland would be between 4.5 and 4.6 millions.

An estimate of the average admission price in motion-picture theaters, based upon an analysis of a very large number of tickets, is placed at 10.2 pence and the estimated total number of weekly admissions is placed at 23 million. On this basis total annual gross receipts would be more than 50 million sterling, and a published estimate places the total at 46 millions. Official information is not available on the above, but the data mentioned are considered to be sufficiently accurate to furnish a background for all necessary trade purposes. It is believed that the number of theaters now in operation will remain relatively static in the early future and that new construction will largely consist in replacement for, or reconstruction of, relatively old theaters now in operation. This statement does not preclude some small net increase from year to year, but it cannot be anticipated that the total number will change materially in the near future. However, any cessation of growth in the number of theaters should not be construed as a recession for the motion-picture industry but rather as an indication that something near the saturation point has been reached, to supply the needs of the country under existing circumstances.

SOUND -

All of the 5,300 theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

Outstanding recent progress has been recorded in Great Britain for the use of motion pictures for educational and non-theatrical purposes. The principal central organization in this field is the British Film Institute, which receives considerable financial support under the operation of the Sunday Entertainments Act. In pursuance of its main object the British Film Institute undertakes:

- (a) To act as a clearing house for information on all matters affecting films at home and abroad.
- (b) To influence public opinion to appreciate the value of films as entertainment and instruction.
- (c) To advise educational and other institutions on the supply, use, and exhibition of films.
- (d) To act as a means of liaison between the trade and cultural and educational interests.
- (e) To undertake research into the various uses of the film and of allied visual and auditory apparatus.
- (f) To maintain a national repository of films of permanent value.
- (g) To catalogue educational and cultural films.
- (h) To give advice to Government Departments concerned with films.
- (i) To certify films as educational, cultural, or scientific.
- (j) To undertake, if required, similar duties in relation to the Empire.
- (k) To establish branches and local associations to promote the objects of the Institute.

The use and development of educational pictures is by no means confined to 16-mm. size, although this category predominates. The total number of projectors in use in various schools in the United Kingdom has reached almost 1,600.

An important private organization in this general field is the Central Bureau for Educational Films, Ltd., which has published a "National Encyclopaedia of Educational Films and 16-mm. Apparatus Available in Great Britain" that is kept up to date by current issues of supplementary information.

Further detailed information regarding apparatus or films for educational purposes is readily obtainable from either of the above organizations.

In addition to the schools, there has been recent expansion in the use of motion pictures by churches and in the naval and military services. These range from documentary films to those more purely for entertainment, and trade criticism has been voiced about churches competing with regular exhibitors.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	14,359,042	\$380,040
Negative Sound.....	1,407,974	\$ 54,892
1937 - Positive Sound.....	15,432,385	\$396,627
Negative Sound.....	1,494,500	\$ 63,944

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YUGOSLAVIA

LEGISLATION -

Under the regulations prescribed by the Minister of Commerce and Industry of Yugoslavia, the management and control of production, import, and trade in motion pictures in Yugoslavia has been placed in the hands of a State Film Central, whose duties include the sponsoring of domestic production and the aiding of educational efforts and propaganda for pictures of cultural value.

Exchange restrictions have been enforced in Yugoslavia for some years, but normally little, if any, difficulty is experienced by importers in obtaining foreign exchange upon arrival of the goods in the country. Certain items, when imported from countries which do not trade with Yugoslavia under a clearing arrangement (this includes the United States), are subject to import control and would-be importers are required to obtain special import permits from the Yugoslav National Bank. Since October 10, 1938, films have been on the list of articles subject to the control, but so far importers of American films have experienced no difficulty in obtaining permits, nor is it anticipated that they will do so in future.

Registration fees are collected by the Central as follows:

(a) For pictures of foreign origin for amusement, as well as for advertising all films, an amount corresponding to one-half of the censor fees; (b) for all cultural pictures and domestic pictures, one-fourth of the censor fee. In effect, registration fees amount to approximately \$8 for each American feature brought on the Yugoslav market.

Theaters are obliged to show at every performance one or more films of a cultural nature. They must show domestic pictures equaling in length at least 5 percent of the total length of programs shown quarterly. For theaters giving daily shows and changing programs less than six times monthly, this percentage is increased to 10. To ascertain whether these obligations have been fully complied with, the Central issues forms which must be returned for each performance. For these forms 1 dinar is charged.

For the purpose of control over the importation of and the traffic in films, film enterprises are required to submit for registration and confirmation the original agreements and the invoices covering films purchased abroad. The registration of such agreements will be made by the State Film Central on special forms issued for that purpose. Film enterprises must submit the above forms containing a brief summary of the agreements, together with the original agreements. Each form must bear the seal and responsible signature of the enterprise. The State Film Central keeps these forms in its files for checking purposes.

The State Film Central collects for these forms 25 dinars each for films up to 60 meters in length, and 50 dinars each for films exceeding that length.

CENSORSHIP -

During the year 1937, 841 films were submitted for registration and censorship in Yugoslavia: 780 of these films were foreign and 61 domestic.

During the same period 9 foreign films were banned for public showing, of which two were American. These were two short amusement films which had been dubbed in the Serbian language in the United States, and they were rejected on account of the incorrectly spoken Serbian which had been used.

The Yugoslav censorship of motion-picture films is very strict, especially from the political point of view. This censorship is in the hands of the Ministry of Commerce and Industry, control of the State Film Central having been transferred to that Ministry. The following considerations are of importance in applying the censorship: the effect on public morals; whether the film is considered offensive to national or religious feelings; whether it might adversely influence harmonious relations within the State or affect the public safety; whether it offends national dignity and pride; and especially whether it will adversely affect the relations of the country with foreign states.

There have been no censorship agreements with other countries.

COMPETITION -

Approximately 56 percent of the films shown are American. The remainder is divided among German, French, Austrian, British, Czecho-Slovak, and Hungarian films, in the order given. Local production is of no importance.

American pictures are very popular with the public in most parts of the Kingdom, and the official attitude toward them is favorable.

COPYRIGHT RELATIONS -

There are no copyright relations with the United States.

PRODUCTION -

During 1937, 61 motion pictures were produced in Yugoslavia, all of them with sound accompaniment. These were short films, mostly cultural, educational, and advertising. Production of feature films has thus far been unsuccessful.

The production facilities are inadequate. The existing companies are small, poorly organized, and inadequately financed. Under such conditions they are unable to do any serious work and are confined to the production of short cultural and advertising films only. The exact amount of investment in the local producing industry cannot be ascertained; it is relatively small.

To assist the promotion of domestic production in accordance with article 3 of the law for the regulation of film traffic, the Minister of Commerce and Industry is authorized to render financial assistance to the domestic motion picture industry from the income derived from: (1) Fines imposed on motion-picture theaters for violation of the provisions of article 9 of the law for the regulation of film traffic; (2) sales of form No. 1 controlling the showing of educational and domestic films; (3) sales of forms Nos. 3 and 4 for the registration and control of the contracts and invoices exchanged between film importers and foreign producers; (4) supplementary income provided if required. However, it may be stated that the Government so far has not done much toward the promotion of the domestic industry.

As regards "dubbing" it may be stated that there would not be any objection to American films "dubbed" in the native language, if such "dubbing" is executed in correctly spoken Serbo-Croatian, which is the predominant language of the country.

Foreign films are not required to be dubbed in Yugoslavia.

TAXES -

According to the Taxation Law, the cinema theaters pay a State tax amounting to 20 percent of the full value of each ticket sold; the municipal tax is fixed at 50 percent of the State tax, and other autonomous taxes assessed range up to 50 percent of the State tax. The total taxation on cinema tickets approximates 31.80 percent of the sale price. In addition, a tax of 1 dinar per ticket is assessed on cinema tickets in cities where there are National Theaters.

A censor tax is assessed on films imported or produced in the country, as follows: (1) On cultural films, 1.50 dinars per meter; (2) on other films, 3 dinars per meter. Films produced in the country pay one-half of the above taxes until the expiration of the term of 10 years, following which, presumably they will be taxed as are imported films.

For the examination of film, either foreign or domestic, there is a fee of 0.45 dinar per meter, and for other expenses, 0.10 dinar per meter aggregating 0.55 dinar per meter.

Since May 16, 1938, a special tax amounting to 0.50 dinar per meter has been collected on all amusement and advertising films when they are presented for registration.

The import duty on motion-picture films imported into Yugoslavia is: Tariff No. 418 lb, Films for cinemas, whether exposed or not, maximum rate, 325 gold dinars per 100 kilograms; minimum rate, 250 gold dinars per 100 kilograms.

The above rates, although assessed in gold dinars, are collected in paper dinars at the rate of 13 paper dinars to 1 gold dinar. American films, if accompanied by certificates of origin, are entitled to the minimum rate.

THEATERS -

There are 383 theaters in Yugoslavia, with a total seating capacity of 113,971.

The admission price ranges from 2 to 25 dinars, and musical comedies are the favorite type of pictures, followed by operettas, etc.

The yearly gross income at theaters is about 102,862,100 dinars (\$2,142,960).

SOUND -

There are 330 theaters wired for sound, and at present there are no prospects for selling sound equipment in Yugoslavia, inasmuch as the more prosperous theaters are already equipped and the theaters located in small villages are not in a position to invest sufficient money.

EDUCATIONAL FILM DEVELOPMENTS -

At the present time there is no market for the sale of educational motion-picture films and equipment. So far as ascertained, there are only two schools in the Belgrade consular district having equipment for 16-mm. films.

Several years ago, the Ministry of Education considered the use of educational films in the schools. However, the movement was abandoned owing to the strong opposition of owners of motion-picture theaters, who believe that the plan would adversely affect their business. Moreover, the expense of such a plan is believed to be an obstacle at the present time.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	1,214,733	\$31,559
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	929,538	\$22,156
Negative Sound.....	--	\$ --

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UNION OF SOVIET SOCIALIST REPUBLICS

LEGISLATION -

The Moscow "Pravda" of March 24, 1938, contains the text of two decrees of the Council of People's Commissars of the U. S. S. R., both dated March 23, 1938. The first calls for the formation of a special motion-picture committee attached to the Council, and the second covers steps to be taken to improve the operation of the picture-producing organizations. These two decrees are summarized below.

I

For the general improvement and unified direction of the motion-picture industry, including the making of films and their distribution, a Motion Picture Committee shall be created, attached to the Council of People's Commissars and charged with the direction of the entire motion-picture business, including all stages of production and distribution in the U. S. S. R. To this Committee shall be transferred all motion-picture enterprises and organizations now under the Council of Commissars; all the studios in the U. S. S. R., now under the direction of local or republican organizations; and all the factories and laboratories copying and printing films on a large scale. The Committee shall have representation with the authorities of each republic, krai or oblast, and shall absorb the Chief Administrations now functioning in these political divisions in the motion-picture field. The present Union Chief Administration is dissolved and its functions transferred to the Committee. Through the republican, etc., Chief Administrations the Committee shall exercise control over all motion-picture operations in the political divisions.

Under the new Committee, a Council, in which the Union republics shall be represented, shall be formed, to survey all plans for motion-picture creation, manufacture, and distribution. The latter operation shall be handled by a Union office, the "Soyuzkinoprakat," with monopoly rights. Present distribution agencies shall be dissolved or transferred to this office.

The Committee shall consist of the following Chief Administrations: for production of artistic films, for production of scientific and educational films, for production of news-reel films, for the film-manufacturing industry, for the manufacture of motion-picture machinery, for the mass printing and distribution of pictures, and for supply. Administrations shall be set up for capital construction and schools, and divisions for handling scenarios, technical matters, economic plannings, finances, and centralized accounting. Finally, sectors for labor, for recruiting and assigning skilled workers, and for film cutting shall be created; also a legal and arbitration division and a control and inspection group. A directorate to manage all business, and a secretariat, with a secret section, shall also be set up. The Chief Administration of the Committee shall manage all enterprises, etc., under it according to law, and with regard to each enterprise, trust, and administration as a self-supporting unit.

The new divisions and organizations shall supersede all similar previous agencies, for news reels, supply, etc., which are to be dissolved. All former agencies, as listed, shall be transferred, with stocks of goods, property and capital, within 20 days. Within one month, the Committee shall submit a scheme for a network of schools for the motion-picture business.

II

The Council of People's Commissars has come to the conclusion that in the production of artistic films there are serious deficiencies, which result in systematic failure to carry out plans for release of pictures, in mismanagement and waste of funds, in the production of a large number of worthless films, and in the increase of expense and delay in making pictures. One of the most objectionable practices is the poor planning, and the making of "standard units" - a subject without name or scenario. Federal funds are thus obtained for financing non-existent production of films, and are wasted, interrupting production and disregarding instructions to present certain subjects.

There is no carefully worked out production procedure, and the period between preparatory work and actual "shooting" is too long. In addition, films are started without accepted scenarios, plans for the sets, or estimates of cost. Thus State funds are wasted on useless shots, costly expenditures, pay for waiting time, costumes, etc. The system of turning back to the studios a percentage of the receipts from films previously made while they are being shown makes it possible for them to stand over-expenditures and losses for a long period, and for studios to continue to work without releasing a single film.

Under the circumstances creative directors have to prepare scenarios, interrupting their real work and cutting down their output. Film-shooting is carried on irregularly, keeping numbers of workers idle in the first half of the year and overworking them in the second. Too much scenery is used, and little is transferred from one studio to another. All these mistakes add to the cost of a picture and to interruptions of actual "shooting".

To improve the organization of motion-picture making, the Council has banned the practice of making films without prior confirmation by the Motion Picture Committee (see above) of scenarios and cost estimates. A special scenario division in the Committee will provide scenarios for all pictures planned, and will always have some in reserve, for regular release to the corps of actors and photographers. This Division will invite the aid of writers and dramatists, and will help them in their work; scenario writers shall be free from control and direction. The scenario director shall limit himself to his own field.

Preparatory work for a film shall be limited to specific steps, and no expenditures except as authorized for these steps shall be permitted. The system at present in vogue of financing preliminary work on the "standard percentage or unit" basis shall be abolished, all such expenditures being charged to the particular picture. No film shall be put in production until scenarios, plans for mounting, cost estimates, sketches, decorations and costumes for accepted actors are on hand. A special order from the president of the Committee is necessary to start operations. Studios are forbidden to undertake work and expenditures not provided for in the estimates approved. They are also forbidden to make any changes in the scenarios officially accepted, without prior permission of the president of the Committee.

The mounting of a picture shall proceed according to a unified form of plan and cost estimate, to be prepared by the Committee, with the elimination of unnecessary details and requirements for special apparatus. Estimates of the cost of work done by the shops and other departments of the studios shall be reviewed and excess charges struck out.

For a more efficient utilization of the studio buildings and lots, a three shift system of work is to be introduced, and fewer decorations and simpler, portable ones used. Shooting is to be done in part outside of the studio, and other parts of the work (orchestra rehearsals, etc.) also. To prevent stoppages of work, actors shall not be used if they are in another city or engaged on another picture.

The present system of financing pictures out of receipts for exhibition of those previously made shall be given up. New regulations for financing motion-picture production by the studios shall be drawn up by the Committee and submitted for approval to the Council of Commissars; these regulations shall make the financial condition of the studio depend on the results of the fulfilment of the plan for producing pictures.

A special fund shall be created to pay premiums to creative workers, engineers, technicians, and outstanding workers in the studios, the fund to be made up of economies realized by reduction of costs of production of pictures released.

CENSORSHIP -

All films shown to the Soviet public are censored. The censorship problem is simplified, however, because all domestic films are made by studios which are owned and operated by the State.

It is understood that certain foreign films are shown privately to members of the film industry for technical reasons or with a view to their possible purchase for showing to the public.

Censorship is very strict. All foreign as well as domestic films are carefully examined for their social, political, and economic significance.

COMPETITION -

Since almost all films shown to the public in the Soviet Union are of domestic production, and since the limited number of foreign films shown are apparently chosen because of their social, political, or economic content, competition does not play a large role in their selection. Because of their novelty and technique, the very few American and other foreign films shown have generally been very well received.

COPYRIGHT RELATIONS -

The Soviet Government is not a party to the Convention for the Protection of Industrial Property signed at Paris on December 20, 1888, or to any of the revisions of that Convention, or to any international copyright agreements. Therefore, the protection afforded in the countries having such agreements does not exist in the Soviet Union. So far as can be ascertained, however, no attempts have been made in the Soviet Union to copy foreign films.

PRODUCTION -

During 1937, 24 sound films were produced in the Soviet Union, as compared with 62 as contemplated in the Plan. The 1938 Plan provides for the production of 51 sound films.

TAXES -

The motion-picture producing and distributing companies are exempt from all except income taxes. Motion-picture theaters, however, are required to pay a turnover tax and a local tax, which together amount to about 35 percent of their revenue. As all of the foregoing are owned and operated by the State, the payment of taxes amounts, eventually, to the making of the proper ledger entries.

Imported films are assessed customs duties in the amount of 100 percent of the value of the film. Because of the censorship, however, and the peculiarities of the State foreign-trade monopoly, the customs duty, which is usually paid by the importer, does not act as a deterrent to the importation of foreign films. The importation of foreign films is determined more by foreign-trade policies and the film's theme than by customs duties.

THEATERS -

It is reported that in 1938 the total number of motion-picture establishments in the Soviet Union reached 30,000, of which a large number are portable installations.

SOUND -

The total number of theaters wired for sound in 1938, including portable installations, is approximately 8,000.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	81,234	\$1,731
Negative Sound.....	27,900	\$ 737
1937 - Positive Sound.....	37,579	\$ 686
Negative Sound.....	13,736	\$ 412

LATIN AMERICA

ARGENTINA

LEGISLATION -

Up to this time, there has been no legislation designed to discriminate against American films, although there are various existing or projected measures, described below, which place American films at a relative disadvantage.

Under the Argentine system of exchange control, European films have generally been imported at the favorable "official" exchange rate, owing to bilateral trade agreements between Argentina and the respective European countries. American films, on the other hand, must be paid for at the "free market" rate, which during the past year has averaged about 20 percent higher. A further exchange-control measure was instituted by a decree dated November 7, 1938, which provided that a prior permit would henceforth be required for all goods imported at the "free market" as well as the "official" exchange rate. It is announced that this arrangement will be used at the outset merely to furnish additional statistical data on imports and exchange requirements, although there is a possibility that it will later be used to actually curtail imports from individual countries, should circumstances warrant.

The Buenos Aires City Council in June 1938 adopted an ordinance which authorizes the municipality to grant annual prizes to the best Argentine films, and which also provides for a scale of municipal tax reductions to local theaters which exhibit Argentine films. This latter feature will naturally stimulate a preference for national over foreign films.

A bill has been introduced in the closing session of the Argentine Congress in 1938 which would give broader and more definite powers of regulation and control to the Instituto Cinematografico Argentino. The principal points of the proposed legislation include the following: Encouragement of the national industry through prizes, subsidies, and other means; establishment of a central censorship board, with Argentine films exempted from censorship tax; exemption from import duties on raw film and other accessories used in the making of Argentine films; and the future establishment of a Government film studio. At present there are no laws requiring a certain percentage of national films to be shown. Apparently, no quota or contingent laws on films are contemplated at this time, although it would be possible for the Government to achieve substantially the same effect by withholding a prior exchange permit on films.

The charge against the Argentine Association of Motion Picture Distributors (comprising the principal American companies) relative to a violation of the anti-trust law continued to be a subject of litigation during 1938.

CENSORSHIP -

Each municipality undertakes its own film censorship at the present time. Censorship in Buenos Aires is performed by an honorary commission, composed of

municipal and Federal Government representatives, as well as one member representing the production and distribution industry. Other large cities have censorship boards along similar lines.

More than 500 feature films were reviewed in Buenos Aires during 1938, and only 2 or 3 (of European origin) were rejected.

Censorship is reasonably lenient. Although there are no formal censorship standards, films are generally approved as long as they do not come under the following classifications: Those stressing immorality or bad taste; those which ridicule religion; those which contain propaganda insidious to the Government; and those which might lead to international complications. Apart from this latter category, there is a formal censorship agreement with Chile whereby films may be barred on protest by either country.

As mentioned previously, the Instituto Cinematografico has proposed a single national censorship board.

COMPETITION -

On the basis of the total number of feature films released in Buenos Aires, it is believed that the share represented by American films has declined from 70 percent in recent years to about 66 percent during 1938. This is partly due to competition from national films, especially in the rural theaters, and will probably cause the American companies to import fewer Class B pictures in the future. On the basis of total footage, the American share would be higher owing to the added participation of American news reels and shorts, although it is well to mention that the Argentine market takes a relatively small number of shorts, because of the custom of showing three or more full-length features on the same program.

On the basis of the number of features released during 1938, Argentine and French films ranked after American, each accounting for about 9 percent of the total. Other important suppliers were Germany, Great Britain, Spain, Mexico, and Italy, in the approximate order named. For the year 1937, Great Britain was in second place, followed by Argentina, Germany, France, Spain, Italy, and Mexico.

American films continue to be well received, and definitely preferred in the metropolitan first-run houses. However, Argentine pictures have become increasingly popular in the subsequent-run and small-town theaters, and in such houses they have displaced American and other foreign films to a very great extent.

COPYRIGHT RELATIONS -

The Argentine laws provide for adequate protection in the matter of copyrights and piracy. Under date of July 13, 1934, Argentina ratified the Inter-American Copyright Convention negotiated at Buenos Aires on August 11, 1910.

PRODUCTION -

Approximately 50 feature films were produced by the local industry in 1938, as compared with 30 in 1937 and 18 in 1936. Production estimates for 1939 have ranged between 75 and 100 pictures.

The local studios have been improving their technical equipment, and there are now several producers who have adequate facilities. Although a few of the larger companies appear to be making a profit, many of the smaller companies depend on outside backing and have difficulty in maintaining sufficient working capital. In general, therefore, the local production industry is not too well financed.

The technique of Argentine films is still inferior to American standards, although a gradual improvement is noted from year to year and even now the average Argentine feature has a much greater earning power than the foreign films in the subsequent-run theaters.

The predominant language of the country is Spanish. There are no regulations requiring foreign films to be "dubbed" in Spanish. As a matter of fact, "dubbed" films were attempted several years ago and did not have a successful reception.

Up to this time there have been no provisions whereby the Federal Government would subsidize or render special assistance to the domestic film industry. However, such measures are contemplated in the proposed extension of the Instituto Cinematografico, mentioned under "Legislation." As the proposed law stands at present, such assistance would be financed both from a yearly legislative appropriation and a censorship tax. As mentioned previously, the city of Buenos Aires fosters the national film industry by annual prizes as well as a sliding scale of municipal tax reductions to theaters exhibiting Argentine films.

No accurate estimates are available as to the total investment in the local motion-picture industry.

TAXES -

Import duties on films, the unfavorable exchange rate on imports of American films, and a so-called "royalty" tax on remittance to foreign headquarters constitute relatively heavy tax burdens on the distribution of American films in Argentina. At the same time, the ordinary commercial taxes applied to theaters and to the routine business transactions of distributors may be considered as fairly reasonable.

Taxes on theaters vary with each municipality. In Buenos Aires the tax is based on the registered seating capacity in combination with the admission price of each performance. For instance, the basic tax provides that for each 10 centavos or fraction thereof collected for admission, and for each 100 seats

or fraction of registered seating capacity, there is to be a tax of 14 centavos. During the summer months (November through March) this is reduced to 10 centavos. The foregoing scale applies to houses charging admission of more than 1.50 pesos for a "completa" (complete program consisting of several films) or 0.40 peso for a "seccion" (one to two pictures). Houses which charge a lower admission fee pay a basic tax of 11 instead of 14 centavos, with 7 centavos during the summer. Double the established tax is imposed for continuous performances.

For ordinary commercial transactions, distributors pay the same taxes as other commercial organizations. The principal assessments in this connection are the income and sales taxes. Income tax is 5 percent on profits. The sales tax is 1.25 percent; distributors are not assessed the sales tax on films which they lease, but only on the sale of accessories such as posters and photographs. Distributors are also assessed a royalty tax of 2.5 percent on all gross remittances to parent companies.

Exposed motion-picture films (or positive prints) pay a specific import duty of 15 gold pesos per kilogram. Unexposed film pays an ad valorem rate of 42 percent on an arbitrary valuation of 4.80 gold pesos per kilogram. The gold peso, which is used to express customs valuations, is equivalent to 2.2727 paper pesos, the latter being the monetary unit in general circulation.

THEATERS -

The latest estimate of the number of theaters in Argentina, which is believed to be reasonably accurate, is that contained in the 1937 Argentine film guide "El Indicador." At that time there were reported to be 1,021 motion-picture theaters in the Republic, with a total seating capacity of 548,875. Of these, 178 houses, seating a total of 131,084, were in the Federal Capital. It is not believed that there have been any important changes since the foregoing estimates. Of the 1,021 houses in the whole country, some 800 may be considered as "active," with the remainder being either closed or else operating infrequently. Most of the "active" theaters in the lesser-populated districts operate over the week end only.

The average admission price usually charged by a first-run house is 2 pesos, with a few of them charging 2.50 and 3 pesos. The popular-priced theaters have admission prices ranging from 0.40 to 1.50 pesos. Aside from the first-run houses which offer two features and shorts, most Argentine theaters exhibit at least three feature pictures on one program, and some of them offer as high as five.

Romance, adventure, historical, and comedy pictures are the types best liked, with musicals showing a further decline in popularity. The Argentine audiences, apart from those which are regular patrons of the metropolitan first-run houses, continue to show their preference for national productions. This is not altogether due to the fact that they are in Spanish, but rather because they have the familiar Argentine background and make use of Argentine idioms and dialect. As a matter of fact, Spanish-dialogue films of Mexican and Spanish origin have met with very little success in Argentina.

About 80 percent of the total weekly box-office receipts is collected on Saturdays and Sundays. No reliable estimates are available as to the yearly gross income at theaters.

SOUND -

All of the 1,021 theaters are wired for sound, and prospects are therefore unimportant for sales of sound equipment to unwired theaters.

It is estimated that not more than 300 houses in all of Argentina have up-to-date imported sound equipment. The remainder possess mediocre equipment, most of which has been assembled locally. There is a possibility that these theaters will be potential buyers of better equipment in the future, although the matter of price will still be the deciding factor. It is particularly difficult for American sound equipment to compete in this market, inasmuch as its higher basic price is further accentuated by unfavorable exchange treatment, described elsewhere.

EDUCATIONAL FILM DEVELOPMENTS -

Up to this time, the Argentine market for 16-mm. educational films and equipment has not been large, one drawback being the small number of films available with sound or subtitles in Spanish. Also, the limited outlet and present financial return for films of this type apparently has not justified the expense of preparing a sufficient range of them in the Spanish language.

Nevertheless, there has been some recognition of the merits of using motion pictures in educational institutions, and it is quite possible that sales in this field will show an increase within the next year or two.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	14,230,004	\$241,042
Negative Sound.....	77,286	\$ 1,221
1937 - Positive Sound.....	17,213,406	\$337,638
Negative Sound.....	86,205	1,355

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BAHAMAS

LEGISLATION -

There is no agitation or legislation against the exhibition of American motion pictures, and no quota or contingent laws are in effect.

CENSORSHIP -

Censorship is not strict, only one film having been censored and objected to during the present year. Care is taken, however, to book only films which will not offend the public. A musical film was objected to by the censor on the grounds that one of the dances was indecent. The Commissioner of Police has charge of the censorship of motion-picture films. No gangster films are permitted to be shown.

No American films were rejected during 1938, and no censorship agreements have been formulated with other countries to bar films which are considered objectionable, upon protest by a friendly country.

COMPETITION -

Great Britain so far has been the only competitor of American films in this colony. About 96 percent of motion pictures shown are American, however. These are well received locally, and it may be said that American films are in most cases preferred by Bahamian audiences.

COPYRIGHT RELATIONS -

Copyright relations are the same as in the United Kingdom.

PRODUCTION -

There is no production of motion pictures in the Bahamas, and, so far as is known, no plans regarding the establishing of such an industry have been formulated. All films shown here are in the English language.

TAXES -

A customs duty of 1 1/2 percent ad valorem is assessed on motion-picture films imported into the Colony, provided satisfactory bond be given for the reexportation thereof within 90 days.

There are no amusement taxes.

THEATERS -

At the present time there are only three motion-picture theaters in the Bahamas, and one, the "Savoy", is now being rebuilt after destruction by fire in March 1938. The total seating capacity of these three theaters is around 1,350, and the average admission price is 25 cents. Of these, two cater to the colored population solely.

Programs best liked by native audiences are serials, musicals comedies, comics, etc., at the colored theaters and features of high merit, news reels, comics, and so forth at the theaters patronized by the white population.

SOUND -

All three theaters are wired for sound, and the one which is being reconstructed will, it is understood, be equipped in the same manner.

EDUCATIONAL FILM DEVELOPMENTS -

It is thought that the Bahamian market is too small for the sale of educational motion-picture films and equipment. No local school or college is using this type of film for teaching purposes, and, so far as is known, educational institutions are not considering such additions to their curriculum.

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BARBADOS

LEGISLATION -

There are no laws prohibiting foreign exchange.

British Empire films are given a preference of 5 pence (about 10 cents) per hundred feet under the existing import tariff. The general tariff for American and other non-British films is 10 pence (about 20 cents) per hundred feet, whereas British films pay half that sum.

There are no quota-law changes since the act of February 12, 1937 (No. 1 of 1937) to amend the Cinematograph (British Films) Act 1935 (No. 34 of 1935).

The requisite percentage of British films was established therein as follows:-

	<u>Ordinary films</u>	<u>News films</u>
1937.....	15%	50%
1938.....	17½%	50%
1939 and thereafter.....	20%	50%

There is no contemplated legislation against American films, and there are no purely domestic films produced.

CENSORSHIP -

During 1938 to November 15, 407 feature films were censored, 433 shorts, and 131 news reels.

Seven features and two shorts were rejected, all of which were American.

Five of the films rejected were of the gangster-crook type in which the general themes were criminal, including promiscuous shootings and killings,

assaults, intimidation, jail-breaking, and safe-cracking. One showed cruelty to slaves. One was indicative of immorality. Of the two shorts, one showed vulgar dancing and the other portrayed children indulging in the horrors of war.

Censorship is not strict, but the following situations are prohibited:

Crime films showing criminal acts and tendencies, including gangster activities with shootings, assaults, intimidations predominating, and crook films condoning criminal acts open to imitation; scenes of suicide or assassination, criminal assaults on women, cruelty to slaves, certain types of safe-breaking; sex films with scenes indicative of immorality, indecency, or unrestrained passion, etc., and indecorous bathroom and bedroom scenes; social films obviously intended as anti-British propaganda; painful scenes in hospitals; nude or insufficiently clothed men or women; dancing specializing in indecent postures and gestures; mob-rioting and sabotage, mutinies in prisons, etc., horrors in warfare and realistic scenes of massacre; white men in a state of degradation amid native surroundings or using violence toward natives, especially Negroes; scenes likely to wound the susceptibilities of any racial section of the community; mockery of religious services.

There are no international censorship agreements at Barbados.

COMPETITION -

British films are the largest competitors of American films.

Eighty-eight percent of the feature films shown at the three theatres in Barbados were American during the period January 1 to November 15, 1938. No American news reels were exhibited. American films are well received and (propaganda-advertising to the contrary notwithstanding) American films are definitely more popular in Barbados than other makes.

COPYRIGHT RELATIONS -

Barbados is governed by the British copyright laws; especially by provisions of 1 and 2 George V. c.46 (Imperial Act.)

PRODUCTION -

There is no production of motion-picture films at Barbados.

TAXES -

There is no entertainment tax, and other taxes are not high. Besides import duty, there is the parochial trade tax and Barbados income tax.

THEATERS -

There are two first-run motion-picture theaters and one other, with a total seating capacity of 1,892.

The average price at the Empire is about 32 cents, at the Aquatic Club about 30 cents, and at the Olympic about 15 cents.

Most of the local people prefer films with plenty of action, "wild west" scenes, fighting and boxing matches, but the more affluent members of this community prefer good musical films and the first-rate dramas and plays.

SOUND -

The three theaters listed above are all wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The Education Board does not have the financial resources available for importing and exhibiting educational films, and the private theaters are not interested.

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BERMUDA

LEGISLATION -

There is no legislation in Bermuda detrimental to American films.

CENSORSHIP -

There has been but one film censored and rejected in Bermuda during 1938. This was an American production depicting the development of juvenile criminals and was rejected on the ground that it was not the type of film to be shown to the youth of Bermuda.

There are no censorship laws in the colony, yet great care is taken in the selection of films. When there is any doubt in the mind of the management as to the desirability of the films, a private showing is given for the clergy, members of the Board of Education, and leading citizens. In the case cited above the first rejection in the history of the colony - the Provost Marshal General was also invited to see the picture.

There are no censorship agreements with other countries.

COMPETITION -

It may almost be said that there is no competition in Bermuda. Approximately 200 films will be shown during the year 1938, of which 186 are American, 12 British and 2 Portuguese. Only outstanding British films are projected. The Portuguese films are in the nature of an experiment to determine the reaction of local Portuguese to films of their country and in their language.

The general manager of the theaters in Bermuda declines to give any information as to the amount of money that American companies yearly take from the market through the distribution of their films.

COPYRIGHT RELATIONS -

Foreign producers are fully protected from piracy under the copyright laws of Bermuda.

PRODUCTION -

No films are produced in the Colony except for advertising purposes, and these are made by American concerns.

TAXES -

No amusement taxes are levied in the colony by the Bermuda government. Motion-picture films (excluding undeveloped films), if of British origin, are subject to an import duty of 1 penny (approximately 2 cents) per 100 feet. If not of British origin they are subject to an import duty of 6 pence (approximately 12 cents) per 100 feet, plus a surtax of 25 percent. Films certified by the Board of Education to be of an educational character may enter free of duty.

THEATERS -

There are 9 theaters in the colony with a total seating capacity of 2,716. There are but two important houses, and they are situated in Hamilton. They have a combined seating capacity of 1,200. Shows are given nightly in these places with the exception of Sundays. There are frequent matinees.

Other houses are in operation in St. George's, where four shows are given weekly; at Somerset, with four shows weekly; at Bailey's Bay, with two shows weekly; at Prospect, with three shows weekly; at The Flats, with one show weekly; and at Southampton and the Dockyard, where two shows are given weekly.

The average admission price for evening shows is 50 cents, for special features 75 cents, and at matinees from 12 to 25 cents.

Musical comedies are perhaps the most popular type of film shown in Bermuda, although there is a well-balanced program available throughout the year. No information as to yearly gross income is obtainable.

SOUND -

All theaters in Bermuda are wired for sound. Aside from expected replacements, there is no market for further sound equipment in the colony.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market in Bermuda for the sale of educational films and equipment. No school has ever used this type of film for teaching purposes.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	1,771,372	\$ 37,150
Negative Sound.....	---	\$ ---
1937 - Positive Sound.....	1,520,184	\$ 30,067
Negative Sound.....	---	\$ ---

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BOLIVIA

LEGISLATION -

There is no definite legislation imposed against motion pictures. The only restriction in force has to do with the transmitting of funds abroad.

CENSORSHIP -

The Government decree of February 22, 1926, forbids admittance of children under 12 years to picture houses on weekdays. Censorship is exercised by the various municipalities, from moral, religious, and political standpoints, but it is not strict. Statistics with regard to the number of films censored and the percentage of American films rejected are not available. No censorship agreements with other countries have been formulated.

COMPETITION -

About 85 percent of the films shown in Bolivia are American. The principal competitors of American films are Mexican, Argentine, German, French, and Italian. American films are very well received, "boiler plate" thereon occupying on an average at least one page in each of the two morning papers in La Paz, as well as in all of the evening papers. There are no domestically produced films.

COPYRIGHT RELATIONS -

There are no copyright relations with the United States.

PRODUCTION -

There is no local production of films.

TAXES -

The following are the taxes imposed upon theaters:

First-class theaters	Bs.	2,000
Second " "	"	1,500
Third " "	"	1,000
Fourth " "	"	500

Taxation on billboards and posters:

First-class theaters	Bs.	1,900
Second " "	"	1,500
Third " "	"	1,200

There is a surcharge of 10 percent on both kinds of taxation, which are municipal. These taxes apply to the city of La Paz. In other districts such taxes are at different rates, on which information is not available but which are more or less as above. Other miscellaneous taxes are about 15 percent on gross receipts of tickets.

THEATERS -

There are approximately 20 theaters in the country, with a total seating capacity of 15,000. The average admission price is Bs. 4.00. Bolivian audiences like all types of films, except, possibly, drawing-room comedy with its relative inaction and superfluity of dialogue.

SOUND -

There are 19 theaters wired for sound. Prospects for selling sound equipment are poor.

EDUCATIONAL FILM DEVELOPMENTS -

There may be a potential market for the sale of educational motion-picture films and equipment, the development of which would depend on the initiative of interested firms. No schools or colleges are at present using this type of films for teaching purposes, and it is questionable whether they are thinking along such lines.

IMPORTS FROM UNITED STATES:

	<u>Feet</u>	<u>Value</u>
1938 - Positive Sound.....	293,873	\$ 7,299
Negative Sound.....	---	\$ ---
1937 - Positive Sound.....	104,475	\$ 2,333
Negative Sound.....	---	\$ ---

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BRAZIL

LEGISLATION -

Under existing restrictions, foreign motion-picture distributors in Brazil are being granted exchange on the basis of 180-day future contracts against

fixed daily quotas. The recent reduction of these quotas has resulted in a "backlog" in remittances which is the cause of some concern among American film companies with local distributing branches.

No legislation of a discriminatory nature or prejudicial to American film interests is in existence in Brazil. Nor are there any quotas or other contingent legislation in force affecting the importation or release of foreign films. So far as can be ascertained, no legislation is contemplated which might prove detrimental to the future exhibition of American films.

In accordance with a law enacted during August 1934, all motion-picture theaters in Brazil are required to run a minimum of 100 meters of national film with every program. Because of the poor quality of a majority of the "shorts" and news reels produced in the country, it is seldom that an exhibitor exceeds the minimum requirements.

CENSORSHIP -

According to the records of the Federal Censorship Bureau a total of 2,370 films were submitted for censorship during 1938. Of these films only 2 were rejected, both being of American origin. One of these was withheld because of strong objections raised by the German Embassy. Release of the other was refused because, in the opinion of the censors, the scenes depicted tended to encourage disrespect for law and order among youth and portrayed situations wholly incomprehensible to the average Brazilian.

Brazilian censorship laws are regarded as reasonable, and they appear to be applied with fairness. According to the basic censorship law of April 1932, films may be denied release for the following reasons: Offense to public decency. Suggestive of crime or other unconventional acts. Conveying illusions which might prove prejudicial to international relations. Insulting to race, collective groups, or religious sects. Offensive to national dignity or provocative of defiance to public order.

While Brazil does not have any formal censorship agreements with specific countries, the Censorship Bureau gives attentive and fair consideration to protests launched by foreign governments against particular films.

There is given below a break-down of the footage of films of various types submitted for censorship during 1938:

	<u>No. of Films</u>	<u>No. of Feet</u>
Dramas.....	524	3,493,616
Comedies.....	35	114,685
Musical comedies.....	35	69,984
Serials.....	92	304,000
Shorts.....	466	321,107
News reels.....	483	368,154

	<u>No. of films</u>	<u>No. of ft.</u>
Animated cartoons.....	175	120,237
Trailers.....	501	120,502
Advertising.....	59	42,272
TOTAL.....	2,370	4,954,557

COMPETITION -

Germany and France, with 5 percent each of the total film footage censored in the country, are our principal competitors in feature-length films. There follows a table showing the footage of films of various nationalities submitted for censorship during 1938:

<u>Country of Origin</u>	<u>Footage</u>	<u>Percent of Total</u>
United States.....	3,857,245	78
Brazil (#).....	303,050	6
Germany.....	269,286	5
France.....	242,227	5
Italy.....	86,707	2
All others.....	186,042	4
TOTAL.....	4,954,557	100

(#) With the exception of 25,600 feet which were feature films, domestic production consisted entirely of news reels and short subjects of from 300 to 400 feet.

As shown by the above figures, the United States served as the source for 78 percent of the films censored in Brazil during 1938. American films enjoy a marked preference, and our stars have a greater box-office "pull" than either European or local stars.

COPYRIGHT RELATIONS -

Ample protection against piracy of foreign film titles is provided through their registration with the Censorship Board of the Federal Ministry of Justice.

PRODUCTION -

A total of four domestic feature-length films, aggregating 25,600 feet, were produced during 1938. Existing production facilities appear to be adequate to take care of the demand for domestic pictures. It should be remembered in this connection that there is a decided lack of motion-picture talent in the country and audiences tire of seeing repeatedly the few really popular stars who appear in feature-length productions. American stars continue to be the major box-office attraction, and unless a domestic film has some real merit it is not well patronized.

There appears to be ample capital available for the financing of the domestic motion-picture industry, such as it is. There has been a great improve-

ment in the technique of motion-picture production in Brazil during recent years. An official of an important American film company who visited Brazil recently stated that the sound technique of one local studio (Sonofilms S.A.) was comparable to that found in the United States and that camera technique was about 80 percent of our standard.

Brazilian audiences for the most part do not care for American films with "dubbed in" Portuguese dialogue. This statement relates principally to feature-length pictures. In news reels and certain types of shorts, native-language commentators are preferred and commonly used. Portuguese is the native and predominant language of Brazil.

No legislation is in existence in Brazil which requires that "dubbing in" be done within the country. Accordingly, this operation is usually performed in the country of origin of the films. A majority of the American news reels destined for exhibition in the country are "dubbed" in New York.

The Brazilian Government has not yet lent any very substantial financial aid to the domestic motion-picture industry. The law requiring the showing of 100 meters of domestic film with every program has probably given the greatest impetus to the industry. Several years ago an elaborate plan for the establishment of a "motion-picture city" was sponsored by the Government. However, nothing of a concrete nature has as yet resulted. An annual premium is awarded by the Government for the best domestic short produced. As mentioned, no direct Government subsidy is given to the domestic film industry.

It is estimated that a total of 100,000 contos (\$5,000,000) is invested in motion-picture production, distribution, and exhibition, of which amount 10,000 contos, or approximately \$500,000, is represented by equipment and facilities for production.

TAXES -

Taxation on the various branches of the motion-picture industry is not regarded as excessive. No uniform State or Federal taxes are assessed on motion-picture houses in Brazil, such taxes being controlled entirely by the various municipalities. In the cities of Rio de Janeiro and Sao Paulo such taxes are assessed in accordance with the location and seating capacity of the theater. In Rio de Janeiro a first-run house located in the business district pays an annual tax of about \$450 U.S. currency. License fees in the smaller outlying towns are as a rule much lower. In addition to license fees most municipalities collect a tax on admissions which ranges from 10 percent in the smaller towns to 20 percent in such cities as Rio de Janeiro and Sao Paulo. In addition to the above taxes, foreign distributors are obliged to pay a tax of 6 percent on exchange remitted abroad.

THEATERS -

According to estimates provided by American distributing organizations there were 1,450 motion-picture houses in Brazil at the close of 1938. The

aggregate seating capacity of these houses is estimated at 700,000. Admission prices range from 1\$000 (1 milreis) in second and third run houses to 4\$000 in first class houses in the cities of Rio de Janeiro and Sao Paulo. The average for the entire country is 2\$000.

Action films are preferred by Brazilian audiences, followed, in order of importance, by musical comedies and light drama. It is estimated that the yearly gross income of motion-picture theaters in Brazil ranges between 9 and 10 million dollars.

SOUND -

American film distributors fix the number of theaters wired for sound in Brazil at the close of 1938 at 1,250; 150 of the 200 houses not equipped for the showing of sound film were reported to be closed at the end of the year under review.

Future prospects for the sale of American sound equipment to the theaters not equipped to show sound film do not appear to be particularly encouraging. A majority of these houses are located in small towns throughout the interior. Because of low admission prices and limited patronage it is seldom that the owners can justify the outlay necessary to purchase a sound installation. As a result of this situation it is felt that future sales of sound equipment in Brazil will be restricted to the small number of new theaters which may be constructed and an even smaller number of units for replacement purposes.

EDUCATIONAL FILM DEVELOPMENTS -

A majority of the 131 educational films which have been released in Brazil since 1936 were produced under the direction of the National Institute of Motion Picture Education or edited by that agency, which had its inception in the year indicated. Few of these films have been purchased from abroad, and it does not appear likely that the Government will in the future acquire its educational films through purchase. The Institute, which is subordinate to the Federal Ministry of Education, is at present working out arrangements to exchange educational films with certain European countries and is interested in eventually making similar plans in the United States.

The National Institute of Motion Picture Education has a very ambitious plan to further the use of educational films in schools throughout the country; if realized, this plan should stimulate sales of 16-mm. projectors. Under this plan educational institutions would be able to purchase projectors on long-payment terms from the Institute, which would import the units direct and sell them at cost.

No data of a specific nature are available relative to the number of educational institutions in Brazil equipped with visual-education facilities. According to information supplied by the National Institute, there are 1,391 projectors now in use in schools and colleges, 90 percent of these being 16-mm.

Educators in Brazil have displayed a great interest in motion picture education during the past 3 years, and the tendency appears to be toward placing further emphasis on the use of films for this purpose.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	13,042,075	\$255,385
Negative Sound.....	36,678	\$ 568
1937 - Positive Sound.....	12,856,031	\$258,336
Negative Sound.....	135,458	\$ 2,814

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CHILE

LEGISLATION -

Foreign exchange in Chile is still under the control of the Exchange Commission. However, there are no laws which give other countries preference over American films, although, as a result of the compensation treaties, France and Germany still enjoy an advantage over the United States in the matter of price.

While two companies were formed during the past year to produce films, it remains to be seen whether their efforts will meet with success and no quotas or contingent laws are in effect or contemplated at present. So far as is known, there is no legislation in prospect which would reduce or prevent distribution of American motion pictures.

CENSORSHIP -

In the message of the President to Congress on May 21, it was stated that the Board of Motion Picture Censors had reviewed 611 films during 1937, only 6 of these have been rejected. Two of these were American, rejected because of the revolutionary nature of their themes.

Censorship is not very strict. It is understood that a great many Chileans consider it far too lax, judging by recent press comments on this subject. According to legislation now in effect, the Board of Censors is comprised of five members, namely, the Director General of Libraries, two individuals appointed by the President of the Republic and two by the Municipality of Santiago, these latter being subject to change because of the political nature of such appointments. A bill was introduced but not passed at the last session of Congress to amend the motion-picture censorship law, Decree Law No. 558 of September 26, 1925. This bill proposed that the Board be increased from five to six, to be comprised of the Director General of Libraries, the Mayor of Santiago and four members to be appointed by the President, specifying that one of these four must be a mother and the other three must be fathers of families. One of the provisions of this bill was to use the proceeds of the fines established by the law to provide prizes for the best films for children shown during the year, to be awarded to the company exhibiting the film in Chile.

There appears to be a growing sentiment for a stricter censorship. During September of this year, the Patriotic League of Chilean Women addressed a petition to the President, asking that the Board be changed so that it might be more representative of the opinion of the country, not permitting pictures to be shown which would have a bad effect on young, impressionable minds.

COMPETITION -

While American films still hold a preeminently predominant place in this market, accounting for 65 percent of those shown during the past year, Mexican and Argentine films have attained much popularity. It is true that the output of their studios is not large, but those shown can be sure of an enthusiastic reception, especially with the masses. "Alla en el Rancho Grande" was the favorite during 1937, and "Ora Ponciano", another Mexican film, was one of the most popular shown during 1938.

There are given below comparative figures supplied by the Board of Censors, for the first 6 months of 1937 and 1938:

	<u>FEATURES</u>		<u>NEWS REELS, ETC.</u>	
	First 6 Mo.		First 6 Mo.	
	<u>1937</u>	<u>1938</u>	<u>1937</u>	<u>1938</u>
United States.....	206	203	341	51
Argentina.....	4	26	1	---
Mexico.....	11	20	---	1
France.....	22	31	---	1
Peru.....	---	1	---	---
Germany.....	13	26	15	4
England.....	10	7	---	---
Spain.....	3	2	---	---
Italy.....	---	4	5	6
Russia.....	1	---	---	---
Arabia.....	1	---	---	---
TOTAL.....	271	320	362	63

However, importation of films during 1937 showed the following percentages of volume and value:

<u>1937</u>	<u>Volume</u>	<u>Value</u>
United States	74.4%	77.4%
France.....	8.1	7.2
Germany.....	4.8	5.8
England.....	2.8	2.5
Argentina.....	5.8	4.5
Mexico.....	3.3	1.9
Others.....	0.8	0.7
	100.0%	100.0%

The production of motion pictures is in its infancy in Chile, and no question of preference between local and American pictures arises with the Chilean movie patron. American films are very popular in the better theaters, though less so in the neighborhood houses where the preference is almost unanimous for Spanish-speaking productions.

COPYRIGHT RELATIONS -

There has been no change in the copyright law within the past year. Decree Law No. 345 of March 17, 1925, is still in force.

PRODUCTION -

No films were produced in Chile during 1937 except for a scenic short or two sponsored by the Tourist Bureau. However, two companies were formed during 1938 for domestic production. One of these, the Cia. Cinematografica Perla del Pacifico, has a capital of only 500,000 pesos, equivalent to approximately \$20,000 U.S. currency. It is engaged in making a picture of life in Valparaiso and the near-by country, scheduled to be shown before the end of 1938. According to the statutes of this company, it will be liquidated when the picture is completed. Eugenio de Liguoro, son of the Director of the Motion Picture City of Rome, is directing the production, entitled "El Hechizo del Trigal." The Chile Sono Film is constructing a studio at Lo Ovalle, near Santiago, and work is expected to begin on its first picture, "Hombres del Sur" (Men of the South), during November. The author is Juan Perez B. and the director Rene Berthelon. This is to have a background of country and fishing life. This company plans to use its studio and equipment for filming pictures for other companies and private individuals. It has a capital, according to the press, of 2,000,000 pesos, although its statutes give this as 354,000 pesos, equivalent to approximately \$80,000 and \$13,000, respectively. All the equipment is reported to have been purchased in Germany. It is not anticipated that it will be able to produce more than three or four features per annum.

In 1932 several American films were shown "dubbed" in Spanish, the language of the country, but these were not a success. It is not necessary for foreign films to be "dubbed" in Chile.

TAXES -

The following rates are those assessed on theaters, distributors, and the importation of films:

Theaters.....	5 percent on profits 10 percent on admission price 2.5 percent on total sales
Distributors.....	2.5 percent on sales - Sales tax 6 percent - Income tax

Imports..... Law 5786 - 5 percent on the landed invoice.
Duties: Customs item No. 1824 equivalent to approximately \$4. U.S. currency per legal kilogram at present exchange rates. It is stated that these duties work out at about 5 percent on the C.I.F. value of invoices.

THEATERS -

According to the Cinematographic Yearbook for 1938, there is a total of 277 theaters in Chile. However, data on some sections, particularly in the north, are not very accurate. Of this total, 17 were shown as closed, and the names and locations of another 17 were given with no further details so that they are probably used only occasionally. This leaves a total of 243 in operation with an estimated seating capacity of 200,000.

The usual admission charge for orchestra seats in the better downtown theaters of Santiago is 6 pesos for the 6:30 and 10:00 P.M. shows, with lower prices for 3 o'clock matinees. Average admission prices here are:

3.40 pesos for orchestra seats
1.50 pesos for balcony seats
0.80 pesos for gallery seats

Films with Spanish dialog are easily the most popular for the country as a whole, although the better-educated and more sophisticated audiences prefer a spectacular musical production in a foreign language, with dramas and comedies next, to the general run of Spanish-dialog pictures. The yearly gross income of Chilean motion-picture theaters is estimated at between 60 and 65 million pesos.

SOUND -

According to the 1938 Cinematographic Yearbook, there are 193 theaters wired for sound in Chile, but the representative of an American film company gives this number as 200. This representative has been in Chile for years and is thoroughly conversant with local conditions. He states that the condition of the silent theaters does not warrant the installation of sound equipment and that new theaters would be the only prospect for such equipment. Of the 193 sound installations mentioned, about 50 percent are of American origin (chiefly the products of two large firms), 71 have locally assembled equipment, and the remainder is foreign, chiefly supplied by Germany.

During 1937 four new theaters were opened in Santiago, and three have been opened thus far in 1938. A rough estimate of the total investment in the Chilean motion-picture industry places this at 130 million pesos. The Government has not as yet given any assistance to the domestic industry.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound	4,604,972	\$257,318
Negative Sound	32,528	\$ 1,409
1937 - Positive Sound	4,514,614	\$292,123
Negative Sound	18,762	\$ 1,129

* * *

COLOMBIA

LEGISLATION -

Exchange, imports, and exports have been under official control in Colombia since March 1, 1933. Applications for imports and the remission of funds abroad have to be presented and approved by the Colombian Exchange and Export Control Board, but no difficulties were placed in the way of the motion-picture distributors during 1938. Motion pictures were on the preferred list even at the beginning of 1938, at which time a classified group of imports were given preferential treatment in the granting of import licenses, with the result that foreign exchange was readily available to the motion-picture industry. Exchange conditions improved after the first quarter of 1938 until in June the Exchange Control Board waived the requirement that 5 percent of the amount of the import license had to be deposited as a guaranty of accomplishment. Colombian trade with each of the following countries is on a compensation basis: Germany, Denmark, Italy, Spain, Siam, U.S.S.R. (Russia), and China, the first two by formal agreements, while the others are on a compensation basis primarily because of action taken by the Colombian Exchange and Export Control Board. During the latter half of 1938, import licenses were being granted without delay.

No quota or contingent laws are in effect to govern imports of motion-picture films into Colombia, and no legislation adversely affects the distribution of American films or films of other origin.

CENSORSHIP -

Censorship of films is not strict in Colombia. Film censorship is a function of the large municipalities. According to Colombian law, municipalities having an annual budget of 1 million pesos are autonomous insofar as determining the fitness of public spectacles is concerned. The basic authority granting censorship control to the larger municipalities is contained first in Law 72 of 1926 (article 5); and later by Law 89 of 1936 (article 1), wherein the application of Law 72 of 1926 as it pertains to censorship was limited to municipalities having an annual budget of 1 million pesos. (Diario Oficial No. 23,204 of June 10, 1936.)

Executive Decree No. 2081 of 1938 (Diario Oficial No. 23,932 of November 24, 1938) reaffirmed Law 89 of 1936 and Law 72 of 1926 as the basic laws investing the larger municipalities with censorship supervision over public spectacles; thus, Executive Decrees No. 331 and 700 of 1932, which had placed cen-

sorship control under Departmental Governors, are now without effect as determining wherein censorship control of motion pictures is vested.

The City of Bogota now has a Board of Censors recently set up by a Decree of the Alcalde (Decree No. 388 of December 7, 1938), outlining in detail censorial duties of the Bogota Municipal Board of Censors. In addition to certifying as to whether a reviewed and approved motion picture is approved for exhibition only before adults or is suitable for a showing before children, this Board is empowered to refuse approval of a picture that "lacks artistic sense." The delegation of the right to judge the artistic merit of a picture has been made the subject of numerous newspaper articles, and at least one formal protest has been addressed to the Municipal Council. Notwithstanding the strictness of the laws, in practice the censorship of motion pictures has not been strict in Colombia. No rejections were reported in 1938 out of 731 registered pictures in Bogota.

COMPETITION -

Approximately 75 percent of the pictures shown in Colombia in 1938 were of American origin and these encountered strongest competition from France, Argentina, Germany, and Mexico, in about the order named. Imports of French, Argentine, and Mexican pictures increased during the reviewed period over 1937. Imports of motion-picture films in 1938 totaled 16,036 net kilos, as compared to imports of 13,570 kilos in 1937 and 12,199 kilos in 1936.

COPYRIGHT RELATIONS -

Colombia approved the Convention of Modifications to the Buenos Aires Convention of 1910 on Literary and Artistic Property Rights by Law 43 of 1938 (Diario Oficial No. 23,764 of April 29, 1938). Colombia had previously approved the Buenos Aires Convention of 1910, the IV International American Conference on Literary and Artistic Property Rights, by Law 7 of 1936 (Diario Oficial No. 23,097 of January 30, 1936). To keep the record clear it may be noted that Executive Decree of No. 1,048 of June 1, 1937 (Diario Oficial No. 23,525 of July 10, 1937), promulgated to put Law 7 of 1936 into effect, contains an incorrect citation of authority in its officially published form.

Colombia signed the General Inter-American Trade-Mark Convention, agreed upon in Washington in 1929, which was later ratified by Law 59 of 1936, the ratification documents being deposited on July 22, 1936.

PRODUCTION -

Production is limited to occasional newsreels and advertising films and to educational shorts by the Government Department of Education. The only attempt to produce a strictly artistic feature-type film during the past year was made by a group known as Pronac Film, S. A., which was organized early in the year to produce a folk film featuring native music titled "Al son de la Guitarras." Ducrane Films, S. A., was organized for the purpose of making sound pictures. So far their only product has been the addition of an interpretative monologue

to a newsreel put out by the Government, called "La Exposicion de IV Centenario de Bogota."

While there is no objection to films "dubbed" in Spanish, the predominant language, very few dubbed pictures are brought in, and Colombian audiences prefer, all things considered, pictures with the dialogue in the native language of the actors. The superior technical and artistic qualities of American films, as well as the desire to see American movie stars, give American pictures an advantage over most of the foreign productions, even the Argentine and Mexican pictures, although the latter with their Spanish dialogue are naturally more widely understood in Colombia. It might be well for American producers to bear in mind that, as foreign Spanish-language pictures improve, English-language pictures with Spanish subtitles will encounter stronger competition in the Colombian market.

TAXES -

Taxes are considered relatively high. The National, Departmental, and Municipal Governments levy taxes upon motion-picture theaters.

The taxes paid by theaters in Bogota, where practically every picture brought into the country enjoys a showing, are:

National Defense Tax, Law 12 of 1932, modified by Executive Decree No. 354 of 1935 (graduated on the ticket value).

Diario Oficial No. 22,836 of March 15, 1935.

Progressive Municipal, Acuerdo No. 2 of 1930 (graduated on the ticket value).

Acuerdo No. 20 of 1932. " " " " "

Poor (Departmental), Acuerdo No. 1 of 1918, 10 percent.

Acuerdo No. 61 of 1919.

Acuerdo No. 2 of 1929.

Blind (Departmental), 10 to 20 pesos monthly on the theater.

The prevailing graduated taxes on tickets are calculated as follows:

National Defense Tax

On tickets worth up to 20 centavos - 5 percent each.

On tickets worth from 21 to 30 centavos - 6 percent each.

On tickets worth from 31 to 40 centavos - 7 percent each.

On tickets worth from 41 to 60 centavos - 8 percent each.

On tickets worth more than 60 centavos -10 percent each.

Progressive Tax

Tickets of value up to 10 centavos - 1 percent.

Tickets of value from 11 to 20 centavos - 2 percent.

Tickets of value from 21 to 30 centavos - 3 percent.

Tickets of value from 31 to 40 centavos - 4 1/2 percent.

Tickets of value from 41 to 50 centavos - 6 percent.

Progressive Tax (Cont'd)

Tickets of value from 51 to 60 centavos - 7 1/2 percent.
 Tickets of value from 61 to 70 centavos - 10 percent.
 Tickets of value from 71 to 80 centavos - 13 percent.
 Tickets of value from 81 to 90 centavos - 16 percent.
 Tickets of value from 91 to 1.00 peso - 18 percent.
 Tickets of value of more than 1.00 peso - 20 percent.

Exposed films are assessed an import duty of 60 centavos per gross kilogram.

Educational films pay an import duty of 25 centavos per kilo.

THEATERS -

No complete and accurate list of motion-picture theaters is available. According to the best information obtainable, the number of establishments that can be strictly listed as motion-picture theaters totaled 204, wired for sound, as of January 27, 1939. In addition to these houses it is estimated that there are about 20 theaters possessing no sound equipment and that from 40 to 50 units of sound equipment exist that are in operation only for occasional use, some of which are moved from one place to another as exigencies demand.

Data on the total seating capacity of the theaters in the country is likewise meager. The following table will give an idea of the theater facilities existent in the principal cities.

City	Population (1938-Census)	Total listed motion- picture theaters	Theaters reporting seating capacity	Seating capacity reported
Medellin.....	170,622.....	6.....	4.....	9,900
Barranquilla.....	152,348.....	6.....	6.....	12,480
Cartagena.....	86,197.....	3.....	3.....	5,600
Cucuta.....	57,251.....	3.....	3.....	3,400
Manizales.....	86,346.....	4.....	3.....	5,000
Bogota.....	331,400.....	24.....	22.....	26,678
Cali.....	110,579.....	5.....	4.....	7,467

The customary admission price for orchestra seats in the better theaters in Bogota is 30, 40, 50, and 60 centavos for the evening shows, depending on the theater and the picture, and less for the morning and afternoon performances. The cheaper houses charge 5, 10, 15, 20, and 30 centavos. The average price charged in the cities is estimated at 30 centavos.

The rural and laboring classes prefer spectacular action films such as western thrillers, those in Spanish dialogue being most popular. Among the first-run audiences, dramas, comedies, musicals, and historical romances are popular.

SOUND -

Two hundred and fifty-four theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The probable number of 16-mm. projectors available in Colombia would appear to be not over one hundred. It would seem appropriate while planning a program for educational films for Colombia to give some consideration to the thought that under prevailing circumstances a wider distribution could probably be obtained in Colombia by employing the standard 35-mm. films than could be provided in the substandard sizes. The National Government Department of Education owns a number of standard 35-mm. projectors.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound	3,773,440	\$ 87,390
Negative Sound.....	23,792	\$ 683
1937 - Positive Sound.....	3,272,980	\$ 76,114
Negative Sound.....	14,126	\$ 230

* * *

COSTA RICA

LEGISLATION -

Official exchange control has been in effect since 1932. Current laws and regulations are designed to give preference to those countries with which Costa Rica has a favorable balance of trade. There is no delay in obtaining dollar exchange to pay for imports originating in the United States.

There are no quota or contingent laws in effect or contemplated, nor are there any laws giving other countries preference over American films.

CENSORSHIP -

Censorship of films is not strict. There were original showings in Costa Rica of 519 films during the first 10 months of 1938, all being passed by the censor. Two of these, both of American production, were allowed to be shown only after being "cut," in consequence of protests by the official representative of Germany in Costa Rica. One Spanish film, "Abajo los hombres," was rejected. Censorship is principally directed toward avoiding diplomatic protests from foreign governments, and the political aspect of films is therefore more closely watched than is the possible effect upon morals of individuals. Although Costa Rica has no formal agreement with any country in regard to censorship, the Government is inclined not to permit the showing of a film over the protest of a friendly country.

COMPETITION -

Productions from Mexico and Argentina are the principal competitors of American films. Although American films are by far the most popular, there is a demand for films in the Spanish language. Of the 519 films shown during the first 10 months of 1938, 404 were American (77 percent) and 85 Mexican and Argentine (Spanish language), while a total of 30 were produced in France, Germany, and England.

COPYRIGHT RELATIONS -

Costa Rica's copyright laws predate the modern motion-picture industry, and in a recent case existing legislation was found to be ineffective against film piracy (Raventós vs. V. Saenz).

PRODUCTION -

There is no domestic film industry in Costa Rica.

The language of the country is Spanish. Language "dubbing" in films shown in Costa Rica is not demanded by audiences, and it is not required by law.

TAXES -

Taxation is considered to be moderate. There is a National Government tax of 5 percent on gross box-office receipts, and a municipal tax of 2 percent in Port Limon. In addition, there is a general income tax, which usually runs from 5 to not more than 15 percent on net income in the case of local motion-picture interests.

Films pay import duty under Item 82 of the Costa Rican Customs Tariff Schedule at the rate of 1.50 colones (\$0.26) per kilo gross weight. No exception is made in the case of news reels.

THEATERS -

There are 40-motion-picture theaters in Costa Rica, with a combined seating capacity of 23,887.

Usual admission prices are 0.60 to 1.00 colon (\$0.10 to \$0.18) for first-class theaters in the capital and 0.30 to 0.60 colon (\$0.05 to \$0.10) in the second-class houses and in the Provinces.

Although musical reviews and comedies sometimes draw good houses, the local taste runs toward films based on a serious plot.

Gross income at theaters in San Jose amounted to 997,640 colones for the period January to October, inclusive, of 1938. It is estimated that the Provinces accounted for a further 280,000 colones making a total of 1,277,640 colones for the 10-months period.

A reliable source estimates the total investment in motion-picture theaters at 5,000,000 colones (\$1.00 equals 5.61 colones).

SOUND -

All 40 of the theaters in Costa Rica are wired for sound. However, much of the equipment being used in the Provinces is obsolete.

EDUCATIONAL FILM DEVELOPMENTS -

No motion-picture projection equipment is being used at the present time for educational purposes in any public or private school of the country. An American missionary school expects to receive projection equipment from the United States shortly.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	585,831	\$6,392
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	456,937	\$6,242
Negative Sound.....	--	\$ --

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CUBA

LEGISLATION -

There are no laws prohibiting or restricting foreign exchange, nor are there any laws giving films of other countries preference over American films.

There are no quota or contingent laws in effect or contemplated, and at present there is no legislation which would tend to reduce or prevent the distribution of American motion pictures.

Revised regulations governing the activities of the Cuban Motion Picture Censorship Commission (Comision Revisora Cinematografica) became effective on March 17, replacing those contained in Decree No. 361 of 1937 and its modifications. The revised regulations differed from those previously in effect only in a few minor respects and motion-picture distributors found them generally acceptable.

A bill introduced into the House of Representatives provided that imported motion-picture films might be exhibited in the proportion of 7 for every Cuban picture shown. This was not enacted.

During the year efforts were made by various municipalities, including Habana, Cienfuegos, and Camaguey, to change the basis of the municipal license taxes applicable to distributors of motion-picture films from a lump-sum payment made in the city in which the distributing firm is located to a variable tax based on the number of showings of each film exhibited and the class of theaters in which they were shown. This tax would have been payable not only in the city in which the distributor's office was located, but also in every other municipality which might enact such legislation, and as a consequence would have increased the distributors' tax bill tremendously. This project was never made effective, except for a short time in Cienfuegos, and the possibility of its being revived before the fiscal year 1940 was removed by Decree No. 2717 which became effective December 16. This decree prohibits municipalities from burdening exhibitions of motion-picture films with additional taxes until the municipal budgets for 1940, which must be approved by the central Government, become effective.

CENSORSHIP -

The censoring function is exercised by a Film Censorship Board under the jurisdiction of the Department of the Interior (Gobernacion) which judges films from synopsis sheets and photographs. The Board is empowered to determine whether or not a picture may be exhibited and to suggest changes in films to render them suitable for exhibition.

During the past year, however, a considerable number of pictures were required to be exhibited before the Board before being granted certificates of approval, even though the synopses had been reviewed previously.

COMPETITION -

Spanish-language films, produced principally in Mexico, Argentina, and Spain, are the largest competitors of American films. French and British pictures are the next most important competitors. Competition from German films is unimportant.

From 75 to 80 percent of the films shown are American, and American films are generally well received. However, certain individual films imported from other countries may from time to time bring a greater gross return than most American pictures. Spanish-language pictures have declined somewhat in box-office appeal, as evidenced by an increased interest on the part of exhibitors in negotiating for American pictures.

COPYRIGHT RELATIONS -

Copyright Act 1909 by Presidential Proclamation of November 17, 1902, extended April 9, 1910, and December 9, 1920. The new Patent and Trade-Mark Law of 1936 gives special protection to motion-picture films, apart from that given under the Copyright law. The trade mark of the manufacturer or producer must have been registered prior to the application for registration of a film. The application must be held by the producer or assignee in Cuba.

PRODUCTION -

Early in the year a firm known as "Películas Cubanas, S. A." was organized and started the production of a feature-length film, "It Happened in Habana" ("Sucedio en la Habana"). With a number of well-known stage and radio entertainers in the cast, and a story centered on sugar-plantation life, the picture scored a good box-office success and encouraged the firm to undertake the production of a second feature, "The Palm Grove Romance" ("El Romance del Palmar"). Like the first production, this portrayed certain aspects of Cuban life, showing typical landscapes, dances, and music in the course of a story revolving around tobacco-plantation life, and this picture likewise was well rewarded at the box office, though not as well as the first offering.

It is important to point out that "Películas Cubanas, S. A." was voted an initial Government subsidy of \$60,000. While production facilities are apparently adequate for the production of feature pictures, the technique is greatly inferior to that of American films, although the second picture was much improved over the first effort. It is not believed that either of the two features released during the year will have any circulation outside of the island, since they offer an appeal principally to those familiar with Cuban life and people.

Although in past years several distributors have tried to introduce American films "dubbed" in Spanish, the results have not been successful. Cuban audiences apparently prefer to hear actors speak in their own voices rather than hear others speak for them, even though the technique is good, the voices similar, and the language Spanish.

Spanish is the predominant language in Cuba, although English is widely understood, especially by the more well-to-do classes of the population. There is no requirement that foreign films be dubbed in Cuba.

TAXES -

Theaters are required to pay a municipal license tax, a tax of $1\frac{1}{2}$ percent of the gross intake, and a tax of 8 percent of the gross profits. Distributors are subject to a municipal license tax ranging from \$100 to \$1,125 and taxes of $1\frac{1}{2}$ percent and 3 percent on the gross rentals. In addition, there is a scaled stamp tax on the face value of contracts signed by exhibitors and distributors, $\frac{1}{4}$ percent remittance tax, and a maternity tax of $\frac{1}{2}$ percent of the gross payroll.

The import duty on "motion-picture films prepared for exhibition" imported into Cuba from the United States is \$4.80 per net kilo, which is 20 percent less than the lowest duty applicable to films imported from other countries. In addition to the duty, there is a surcharge of 10 percent of the duty and a consular invoice fee of 2 percent of the f.o.b. value, port of exportation.

THEATERS -

The number of theaters in operation in Cuba is about 375, of which 90 are

in the Habana metropolitan area. There are no data as to the total seating capacity of the motion-picture theaters in Cuba, but 70,000 would be a fairly accurate estimate of the total seating capacity of the theaters in the Habana area. The average admission price is \$0.10, although first-run theaters in Habana charge as much as \$0.60 for the better pictures, while numerous smaller theaters charge as little as \$0.05 per person.

In order of preference the types of pictures preferred by Cuban audiences are: Spectacular action films; musicals, both the spectacular and operetta types; drama, including comedies, small musicals, program pictures, etc. Historical romances are well received, and comedy pantomimes are very well liked. A theater showing short subjects, established in Habana during the year, is believed to have made a good success.

The yearly gross income at theaters may be estimated at about \$3,000,000. Probably about 70 percent of the gross intake is derived from the Habana area.

SOUND -

Virtually all of the 375 theaters are equipped with sound apparatus. The chief market for sound apparatus is in the equipping of new theaters as these are constructed.

EDUCATIONAL FILM DEVELOPMENTS -

The market for the sale of educational motion-picture films and equipment has not yet been developed in Cuba, the use of 16-mm. films being limited almost exclusively to amateur enthusiasts. According to information obtained from trade sources, there are not more than three or four 16-millimeter projectors in use by educational institutions. The Department of Education possesses no equipment and, besides a projection unit reported to be in the possession of the Department of Agriculture, the Government offers no market. From time to time various private firms have been known to make use of educational pictures for purposes of propaganda; but in each case they are believed to have furnished their own equipment, portable or otherwise.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	5,300,245	\$ 95,934
Negative Sound.....	165,055	\$ 2,815
1937 - Positive Sound.....	5,801,007	\$115,358
Negative Sound.....	79,399	\$ 1,321

DOMINICAN REPUBLIC

LEGISLATION -

There are no laws or regulations in the Dominican Republic prohibiting or restricting foreign exchange; nor are there any laws or regulations which give any country a preference over American films. Since there is no domestic production of films, there are no laws requiring that a percentage of domestic films produced be shown on each theater program. The legislation in force is limited to such as affects censorship and taxation, as will be seen under various headings below.

CENSORSHIP -

There are no available statistics of the number of pictures censored during 1938, but it has been stated that there were no pictures rejected during this year. In general, it may be stated that censorship is not very strict. While the chief censorship board is a municipal organization in Ciudad Trujillo, it is understood that the national educational authorities also exercise certain censorship duties in connection with their educational work.

In the interior or Provincial towns the inspectors of public education or instruction are understood to exercise a sort of censorship independent of both the municipal board and the central educational authorities at Ciudad Trujillo. Exhibitors state that these Provincial authorities frequently act in an arbitrary manner, but apparently no records are kept of their decisions and the reasons therefor. It was intimated that rejections on the part of the Provincial authorities are invariably based on alleged deleterious influence upon the morals of youth. Rejections seem to be so few in number that exhibitors prefer not to contest the decision of the boards or educational authorities and invariably withdraw the films.

The municipal board and the central educational authorities at Ciudad Trujillo have stated that they never censor films made by well-known American companies that have been passed upon in the United States. In the past, the few rejections have been of films produced by European companies and independent American producers. Rejections are made on the grounds of (1) immorality, (2) not being suitable for showing to minors, (3) being offensive to nations or peoples on friendly relations with the Dominican Government.

COMPETITION -

No exact data regarding the percentage of American and other films are available. Film distributors estimate that at the present time from 85 to 90 percent of all films shown are American. The chief competitors, which account for the remainder, are Mexican, Argentine, French, and British, in about that order.

Since the language of the country is Spanish, it is natural that Spanish talkies should be preferred to English, when other features are equal. In the recent past, a number of very good all-Spanish films have been exhibited, and it is not at all improbable that this tendency will increase in direct proportion to the increase in the number of really good Spanish films that are being made available in Mexico and Argentina.

Notwithstanding the fact that a greater percentage of American films enter the market, there is evidence to show that from 20 to 25 percent of gross revenue is taken from Spanish-speaking films, since these films are given a longer run in the theaters.

All pictures are imported into the Dominican Republic through agents of distributors, the latter being established in Puerto Rico.

COPYRIGHT RELATIONS -

No copyright laws exist which would adequately protect a foreign producer from piracy.

PRODUCTION -

There is no film industry in the Dominican Republic, and, so far as can be ascertained, there has never been any effort to start one.

As has been pointed out above, Spanish is the language used, and pictures presented in that language have much the widest appeal. Experience has shown, however, that "dubbing" is somewhat unpopular. Since the "dubbing" is not done in the Dominican Republic, there are numerous possibilities for the misuse of words and phrases which may not only offend local idiomatic usage, but spoil the artistic qualities. Exhibitors on the whole indicate that, in the case of good American films, "dubbing" is sometimes more apt to detract from than to add to the production. Exhibitors have stated that pictures with titles written in for use in Puerto Rico are quite satisfactory for use in the Dominican Republic.

TAXES -

Taxes paid by the motion-picture theaters are relatively high. Theater owners are compelled to pay a half-yearly tax of 30 cents for each seat in the house or for each 16 inches of seating space in the theaters that are equipped with benches instead of individual seats. A surtax of 10 percent of this tax is also paid semiannually, the surtax being allocated to the chambers of commerce. The operating license is \$25 semiannually, plus a surtax of 10 percent.

An admission tax of 1 cent on tickets costing 20 cents or less, or of 7 percent of the value of all tickets above 20 cents, must also be paid.

The import tax on films, according to paragraph 870 of the Customs Tariff of 1920, is 15 percent ad valorem, and there is also a 15 percent ad valorem internal-revenue tax under paragraph 141 of Law 854 of March 13, 1935. In practice, however, these taxes are never paid, since all films are imported under bond to reexport them within 4 months. Four months affords ample time to show a film in all theaters of the country. Practically all films are leased from distributors, or companies' representatives, in San Juan, Puerto Rico, regardless of the origin of the film.

THEATERS -

There are 28 motion-picture theaters in the Dominican Republic, with an estimated seating capacity for 12,000 persons.

Admission prices vary between 5 cents and 40 cents in Ciudad Trujillo and between 5 cents and 30 cents in the Provincial towns. These price ranges obtain in the various theaters of the cities and towns and do not depend on the theater, but on the film that is exhibited. The admission price for the first showing of a first-class film in Ciudad Trujillo is 40 cents (on very rare occasions 50 cents); in the Provinces it is 30 cents. The admission price for the second and subsequent showings at the same or another theater of the same town is usually reduced until, just before the film is withdrawn and reexported women in some instances may be admitted free if accompanied by a male escort who pays 5 cents. There are no theaters that have a fixed and uniform admission price for all performances, nor theaters that have exclusively premiere performances. Except for first showings, there is, as a rule, a difference in the admission price of men and women, the latter paying 5 or 10 cents less than the men.

The film which seems to receive the largest patronage is the spectacular, historical show. Musical pieces rank next, with romantic or dramatic shows with little or no music last in order. News reels and short comic films are used to precede the main offering, and it is only rarely that a whole performance is given over to the exhibition of a series of these "shorts."

No data are available regarding the gross income of the theaters. It is believed that the income has increased during the past 2 or 3 years, partly because several new theaters with modern equipment have been opened and partly because several theaters which previously existed have installed new sound equipment.

SOUND -

All of the 28 theaters in the country are wired for sound in some way, although only a few relatively new or reconditioned theaters in Ciudad Trujillo (such as the Rialto, Paramount, Capitolio, and Apolo) have good sound equipment. Improvements are continually being made, however, and some theaters in the Provinces are installing new equipment.

EDUCATIONAL FILM DEVELOPMENTS -

At the present time, there is little or no market for the sale of 16-mm. films, since there is only one projector, owned by the La Salle College, a private institution in Ciudad Trujillo. Evidence of interest in 16-mm. films has been demonstrated by Government departments, especially the Department of Public Works.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	4,037,623	\$13,323
Negative Sound.....	1,875	\$ 151
1937 - Positive Sound.....	4,508,303	\$13,527
Negative Sound.....	7,784	\$ 275

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ECUADOR

There is no exchange-control system in effect in Ecuador, although the Central Bank requisitions rice export drafts.

Exchange is freely available at the commercial banks without any restriction whatever. The buying rate of the Central Bank is 14.38 sucres to the dollar, and its selling rate is 14.40. The rates of the commercial banks are at present in line with the official rate.

There are in Ecuador no quota or contingent laws inimical to the interest of American or any films of foreign origin. However, the import control regulations of June 21, 1938, issued pursuant to the decrees of May 19 and 26, provide that an import permit must be obtained in advance for all importations with certain exceptions, not of a general commercial nature. A copy of the import permit should be sent by the importer to the shipper for exhibition to the Ecuadoran consular officer when the consular invoice is certified. Since the foregoing procedure was found impracticable for the proper distribution of motion-picture films, the control authorities permit imports of leased moving-picture films without a previous import permit. As soon as these films enter the Ecuadoran custom house the distributor requests the entry permit and the films are released after the required fees and duties are paid. Advertising material is subject to the same rulings.

There is no adverse legislation in force in Ecuador.

CENSORSHIP -

By executive decree of April 30, 1937 (Registro Oficial No. 491, May 17, 1937), there was established in the capital of each Province a board of censors composed of the First Commissioner of National Police or his representative, who presides, and two members named by the Ministry of Public Education. These boards of censors are in charge of the legal control and censorship of every motion-picture film to be shown in the theaters or places employed for that purpose in the Republic. In order to exhibit a film, a license issued by the board of censors is necessary. The showing or projection of police films, crime films, and all films which are judged by the board of censors to be prejudicial to morals, the established public order, and good habits, or to advocate radical ideas, is prohibited. Only films produced expressly for the purpose, or those that receive special permission of the board of censors, may be shown for children. Unless these requirements are fulfilled, the admission to theaters of unaccompanied children under 14 years of age is prohibited.

It is obligatory upon each motion-picture exhibitor to establish a day each week in which he shall project films especially designated for children under the age of 14.

A film which has received the necessary license in Quito or Guayaquil is free from censorship in the other Provinces of the Republic. Violation of the regulations is punished by a fine of 100 to 500 sucres. Censorship fees were contemplated in 1937, but thus far such fees have not been established. Whether or not censorship fees will be collected in the near future cannot be predicted as official opinions on the subject differ.

Although the provisions of the censorship law and its regulations are very strict, the majority of the distributors report that boards of censors are rather broad-minded, though stricter than in past years. It is reported that during the period from January 1 to October 31, 1938, 460 pictures were seen by censors and 46, or 12 percent were rejected, the majority rejected being crime and gangster pictures of American origin. Occasionally it happens that the showing of certain pictures is temporarily prohibited if the political situation is tense and the contents of the feature might directly or indirectly agitate the masses.

So far as can be ascertained, no censorship agreements have been formulated with other countries to bar films which are considered objectionable, upon protest by a friendly country and vice versa. However, it is understood that the representatives of foreign countries usually make a formal protest to the authorities in such cases, and the picture is either prohibited or cut, if the protest is found to be justified.

COMPETITION -

American productions supplied by the leading American companies continue to dominate the Ecuadoran film market. Insignificant competition is encountered from the German UFA films and a few British producers (Gaumont and British

International). However, it is understood that the so-called "independents" (those producers outside the major American group) are gradually increasing their distribution. These independent pictures are generally films of Mexican and Argentine origin and are popular with the masses. For the first 10 months (January-October) of 1938, 25 percent of the total box-office receipts were for films released by independent producers as compared with about 8 percent for the same period in 1937. The following comparative figures with regard to releases covering a period of 10 months (January-October) during 1937 and 1938 will indicate the upward trend of films released by the independents.

	Number of films released	Number of films released
	<u>1 9 3 7</u>	<u>1 9 3 8</u>
Major American group.....	303	335
Independents.....	22	53
British.....	8	10
German (UFA).....	<u>14</u>	<u>7</u>
Total.....	347	405

Notwithstanding the foreign competition previously mentioned, American features remain popular, especially with the more intellectual patrons.

COPYRIGHT RELATIONS -

A decree of August 8, 1898, known as the law of Authors' and Artists' Proprietary Rights (Ley de Propiedad Literaria y Artistica) protects writers and artisits, but this law is antiquated and its provisions do not cover the rights and protection of film producers and exhibitors. Consequently, the laws of Ecuador make it impossible to enforce exclusive rights to films by punishing the showing of them by unauthorized concerns, and do not give any protection to the rights of producers of films. It is understood, however, that each individual film can be registered, and in that way the exclusive right to show that particular film in Ecuador can be obtained.

PRODUCTION -

There are no studios in Ecuador. Occasionally free-lance photographers (chiefly Americans) shoot several thousand feet of scenery for educational or travel pictures which are developed abroad.

There are no restrictions with regard to "dubbed" American films, and it is not necessary that foreign films be "dubbed" in this country. In fact, no facilities for developing or taking sound films are available in Ecuador. The predominant language of the country is Spanish.

TAXES -

In accordance with an executive decree of January 30, 1926 (Registro Oficial No. 170, February 2, 1926, and No. 322, May 12, 1930), providing for municipal taxes, the municipalities are authorized to collect up to 10 percent on the gross receipts from the sale of admission tickets to theaters, motion pictures, concerts, horse racing, etc.. In Guayaquil, this tax is 10 percent; in Quito it is 8 percent; and in other cities it ranges from 5 percent to 10 percent. A tax of 20 centavos for national defense is collected on all theater tickets except those for the cheapest seats which are situated in the gallery or second balcony. No other taxes are levied. However, theater operators and distributors pay the Social Security taxes for employees (5 percent by the employer and 5 percent by the employee), a municipal tax on advertising (30 sucres per month), and the 10 percent income tax on net yearly earnings.

By executive decree of March 30, 1938, duties on many articles were increased. Motion-picture films and advertising material were put on the dutiable list. According to the old tariff (paragraph 1127-c), motion-picture films were exempt from duty; the new tariff (paragraph 1137-c) assesses a duty of 3 sucres per kilogram of gross weight on exposed motion-picture films. Advertising material is now subject to 1.35 sucres per kilogram of legal weight. Legal weight includes inner packing and wrappings but not the outer case and packing. The following additional charges should be included in calculations of duties. The consular fee of 6-1/2 percent ad valorem, as well as the surcharge of 5 percent ad valorem levied on all dutiable goods, must also be paid. The 5 percent surcharge is paid at port of entry. Furthermore, imports of films valued at less than 1,000 sucres pay an import fee of 5 sucres to the board of control, those valued at more than 1,000 sucres are charged 1/2 percent ad valorem. Advertising material for free distribution, valued at less than \$20 and sent by parcel post, pays only 1 sucre for the required import permit. All duties and other charges are levied on the declared f.o.b. values.

THEATERS -

Thirty-seven motion-picture theaters, with a total seating capacity of approximately 40,400, are operating in Ecuador at present.

No theaters were closed during 1938. The important development in 1938 was the finishing and official opening of the "Colon" theater in Quito. The new theater is a modern concrete building with a seating capacity of 1,400 persons. The equipment is of American origin.

There are at present two theaters under construction. One is the "Teatro Cumanda" (seating capacity reported to be 1,600) owned and to be operated by Cesar Mantilla of Quito. The new theater will be the sixth theater of the Mantilla circuit in Quito. Another project is the "Odeon" theater in Guayaquil. The latter, to be built by Romero Velez Hermanos, will be a small theater in one of the suburbs in Guayaquil.

The principal circuits are in the cities of Guayaquil and Quito. The yearly gross income of the motion-picture theaters is approximately 3,000,000 sucres. In proportion it is estimated that box-office receipts are about as follows:

Guayaquil theaters	-	35 percent
Quito	"	- 35 percent
Ambato	"	- 10 percent
Cuenca	"	- 10 percent
Bahia and Manta	"	- 5 percent
All other	"	- 5 percent

The attendance of motion-picture patrons is subject to seasons. During the hot, rainy season (January-April) Guayaquil and other coast towns suffer a seasonal decline in attendance estimated at about 20 percent from normal. The best months for the coastal sections of the country are October and November. The months of May, June, July August, September, and December are considered normal and good so far as attendance is concerned. Quito and other interior cities generally suffer a decline during school vacations (August and September); the best months for that section of the country are March, April, May and June.

During week days the principal theaters have three shows, known under the following names:

Matinee	(hour 3 p.m.)
Especial	(hour 6:15 p.m.)
Nocturna	(hour 9:15 p.m.)

On Sundays, right after church, young people generally go to a morning show (11 a.m.) which is called "Vermouth." The "Nocturna" or evening shows are generally attended by families and not by unaccompanied ladies or minor children.

On holidays special programs are selected by exhibitors. The following are the most important holidays given special consideration in selecting films suitable for the occasion:

January 1	-	New Year's Day
March	-	Easter
May 24	-	Battle of Pichincha
June 5	-	Anniversary of Liberalism
August 10	-	Independence Day
October 9	-	Independence of Guayaquil
November 1	-	All Saints day
November 2	-	Decoration day
December 25	-	Christmas

The average admission prices in the first-class theaters for first releases are 2 sucres for box seats and orchestra seats and 40 centavos for the gallery. Superfeatures bring in higher box-office receipts, but seldom are more than 3 sucres charged for box or orchestra seats and 80 centavos for the gallery in the first-class theaters. Pictures are first released in those theaters which are patronized chiefly by the well-to-do classes before they are shown in other theaters located in suburbs, the majority of which are patronized chiefly by the laboring classes. The second and third class theaters charge an average of 50 centavos to 1 sucre for orchestra seats and 20 to 30 centavos for the gallery. Admission prices for morning and afternoon shows are generally lower. In addition to the admission, theater patrons pay an extra 20 centavos on box and orchestra seats, as a Government national-defense tax on each ticket. This tax is not included in advertised admission prices and is paid as a surcharge upon buying the ticket.

Pictures are generally first released either in Guayaquil or Quito in the principal theaters before they are shown in the smaller distribution centers. The types of pictures best liked continue to be super-features, action pictures and musical reviews. Sensational productions remain very popular with the poorer classes. Productions in the Spanish language are popular when they have interesting color and contain song hits and dances by well-known Latin American artists. As a rule, Ecuadorans prefer pictures in the Spanish language if they are good, but like pictures in English with translated written Spanish subtitles better than mediocre Spanish ones. At present Mexican films are popular with the masses.

The average motion-picture program consists of a principal feature and one or more trailers (shown before the actual program commences). It is customary to show first an animated cartoon film or a news reel if available. On Sundays and holidays several features are shown during the morning and afternoon shows at popular prices.

Although there are various circuits controlling the moving-picture business, it is understood that there is a rather close cooperation for the promotion of mutual interests.

The distribution of films in Ecuador is generally entrusted to Guayaquil agents who with few exceptions are under the Panama or Lima headquarters of the principal film exchange offices of the various companies. A few American distributors have their own branch offices. Foreign distributors either have their own branch or offer their pictures through local agents in Panama or Lima.

Films are rented by the theater operators from the film-exchange houses on a profit-sharing basis. The pictures are classified for that purpose in groups and pay different percentages in accordance with their classification.

For class A pictures	--	50 percent
" " B "	--	45 "
" " C "	--	40 "

The local agents receive a commission ranging from 15 percent to 20 percent.

Although considerable advertising is conducted by means of billboards and handbills, the principal advertising media are the newspapers.

SOUND -

All theaters in Ecuador are wired for sound. American sound film equipment and supplies dominate the market. Although moderate-priced machines are chiefly in demand by the small theater operators, the first-class theaters have installed more expensive units. Foreign competition is insignificant, as only four theaters are equipped with sound equipment of foreign make (2 Philips and 2 AEG machines, Netherland and German, respectively). Since the circuits in Guayaquil and Quito are operated by a small number of individuals, there is a tendency to standardize the equipment. Consequently, there is very little opportunity for makes other than the types and makes already known and installed by operators to find a market. At present two well-known American makes are the most popular sellers. A number of machines are antiquated and undoubtedly must be replaced sooner or later.

EDUCATIONAL FILM DEVELOPMENTS -

The demand for 16-mm. motion-picture films and equipment remains insignificant. Although some interest is shown by official and educational entities, thus far lack of funds militates against sales of this type of equipment, and future prospects are not promising. It is believed that an extensive advertising propaganda in Spanish among the various educational institutions might be helpful in creating a market for 16-mm. films and equipment in Ecuador. It is reported that two colleges are using this type of film occasionally but that their supplies of films are insignificant and the machines are in only fair condition.

Local screens are obtainable at much lower prices than are imported ones, and, consequently, there is only an occasional demand. The sale of arc lamps, projection carbons, and other kinds of motion-picture equipment continues to be small but steady in order to fill the requirements of the theater operators.

Motion picture machines and accessories are generally handled by agents, although a number of theater owners occasionally order directly from the manufacturer. Terms of sale are generally on a prepaid cash basis, although machines are also offered on the installment plan to operators of good financial standing.

Agents and dealers do not carry stocks, but theater owners as a rule have a number of the most necessary and important replacement parts in stock for emergencies.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	38,199	\$ 517
Negative Sound.....	4,300	\$ 167
1937 - Positive Sound.....	61,396	\$1,042
Negative Sound.....	1,008	\$ 15

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EL SALVADOR

LEGISLATION -

There are no quota laws in effect in Salvador nor are any contemplated. Exchange remains at approximately 2.50 colones per \$1.00, the same rate which has prevailed since November 1934.

CENSORSHIP -

Censorship is very strict, although few pictures are rejected. Four hundred and thirty-one long features and 358 short films were censored during 1938.

The German Legation endeavored to have an American film rejected completely, but the picture was exhibited after very minor deletions were made. The American Legation intervened successfully in this instance. The German Legation also requested that another film be refused, and the same procedure was followed; that is, a few deletions were made. The American Legation did not have to intervene in this case.

El Salvador has no agreements with other countries to bar films which are considered objectionable, but protests of representatives of foreign governments are usually heeded. In recent years, the German representative is the only one who has made protests.

COMPETITION -

American films continue to dominate the market. About 75 foreign films, principally Mexican, were shown during 1938; the Mexican pictures were very popular, especially with the poorer classes at low-price theaters. A few Argentinian, Spanish, English, German and French films were exhibited. American films may be said to account for 90 percent of all showings.

COPYRIGHT RELATIONS -

Copyrights are protected, under the supervision of the Department of Public Works (Ministerio de Fomento).

PRODUCTION -

There is no local production, news reels are made occasionally by representatives of American firms.

TAXES -

On admissions:

Tickets 15 to 24 centavos, tax 1 centavo.

Tickets 25 to 49 centavos, tax 2 centavos.

Tickets 50 to 99 centavos, tax 3 centavos.

Tickets 1 colon and over, tax 5 centavos.

(2½ centavos equal 1 U. S. cent).

Taxes on performances vary with time of performance and locality: Maximum 12 colones (\$4.80); minimum 3.50 colones (\$1.40).

THEATERS -

Thirty-four theaters, seating approximately 38,450. Admission for a feature film is usually \$0.40, which includes a news reel and a short comedy. American films, with stars speaking English, are preferred; subtitles in Spanish are required. Mexican films, as mentioned above, are popular in low-price theaters.

SOUND -

Thirty theaters are wired for sound. There is sufficient sound equipment on hand for present requirements, and sales in the near future probably will be replacements only.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market for the sale of educational motion-picture films and equipment at present, although one may be created within the next few years. Various films of foreign manufacture, which are considered suitable for grammar-school children, are exhibited to pupils, free of charge, in the National Theater in San Salvador, once a week.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	82,760	\$1,277
Negative Sound.....	4,149	\$ 51
1937 - Positive Sound.....	39,138	\$ 550
Negative Sound.....	1,235	\$ 90

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HAITI

LEGISLATION -

There is no legislation adverse to the introduction of motion pictures in Haiti, nor are there any laws giving other countries preference over American films. Information at hand indicates that no legislation is contemplated which might reduce distribution of American motion pictures. As motion-picture films are not produced locally, there are no laws in Haiti requiring a percentage of local films to be shown on each theater program.

CENSORSHIP -

Statistics are not available regarding the number of films censored and rejected.

According to the Censorship Law of July 12, 1935, those pictures which are found to be inadmissible for children under 18 years of age must be so advertised on the motion-picture billboard; children under this age must be refused admittance. The Department of the Interior is given the power to censor films which are considered to be immoral or dangerous to the maintenance of internal order. Noncompliance with the censorship regulations renders the exhibitor liable to a fine of from \$100 to \$500.

There are no censorship agreements with other countries to bar films which are objectionable and protested by a friendly country or vice versa.

COMPETITION -

The principal competitor of American films in this market is the French film. It is believed that language is the principal factor in favor of French films, as French is the official language of Haiti.

Of the films imported during the fiscal year ended September 30, 1938, approximately 25 percent were American and 75 percent were French. American films when dubbed in French are well received in this market.

COPYRIGHT RELATIONS -

Copyright protection is not available in Haiti.

PRODUCTION -

There is not, nor has there been, any production of motion pictures in Haiti.

TAXES -

A tax of 10 percent is imposed on theater admissions.

Communal taxes for movie houses located in Port-au-Prince are \$40 annually for theaters with seating capacity of less than 500; \$50 for those seating from 550 to 1,000; and \$60 annually or \$2 for each showing for those seating more than 1,000.

Moving-picture houses located in the other towns in Haiti are assessed \$30 for a seating capacity up to 500; \$40 for a capacity of 500 to 1,000. Taxes for those with greater seating capacity than 1,000 are the same as provided for in Port-au-Prince. (Note: Communal taxes given are for motion-picture houses owned and operated by Haitians. Taxes are doubled in the case of foreign owned and operated theaters).

Finished films, even though intended to be reexported, are classified under paragraph 11045 of the import tariff, which provides a duty of \$0.20 per net kilogram. A surtax of 20 percent of the duties payable is provided.

Imports of finished films were as follows during the fiscal year ended September 30, 1938.

Country of origin	Quantity, in kilograms	Value, dollars
Belgium.....	2	\$ 6.60
France.....	1,510	7,492.20
Germany.....	25	126.00
Martinique.....	76	180.40
United States.....	500	1,856.60
Total.....	2,113	\$9,661.80

THEATERS -

There are seven theaters in Haiti. The two most important are located in Port-au-Prince. The largest has a seating capacity of 1,200, and the second can accommodate 700. The others have an average seating capacity of 300 each.

Admission prices range from 10 to 60 cents. Dramas are preferred, but musical comedies are also well received.

It is estimated that the investment in motion-picture theater houses and equipment in Haiti is \$150,000, of which \$100,000 is invested in one large establishment in Port-au-Prince.

The yearly gross income at theaters is reported to be approximately \$20,000.

SOUND -

All seven theaters are wired for showing of sound films, and, while small in size, it is believed that they amply fulfill the requirements for Haiti.

EDUCATIONAL FILM DEVELOPMENTS -

Prospects for the sale of educational motion-picture films and equipment are not good, as the means placed at the disposal of most schools are exceedingly limited.

The Agricultural School and Public Health Service both have 16-mm. projectors and occasionally show educational motion pictures.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	163,648	\$1,185
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	204,172	\$1,434
Negative Sound.....	--	\$ --

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HONDURAS

LEGISLATION -

The sale of foreign exchange is strictly regulated by the Government, but there are no regulations limiting the sale of exchange for the purpose of importing foreign motion-picture films. During the earlier part of 1938, owing to a shortage of foreign exchange, applications for exchange to pay for the imports of certain articles of the so-called luxury class began to be rejected by the Exchange Control Commission, and this situation still obtains. However, no difficulty exists with regard to the procuring of exchange to pay for foreign films.

No films are given preference over American productions, nor are there any quota or contingent laws in force. Furthermore, so far as is known, no legislation is contemplated which might reduce or prevent the distribution of American motion pictures.

CENSORSHIP -

According to the Political Governor of the Department of Tegucigalpa, a total of 288 films were censored by the Tribunal of Censors during the fiscal year ended July 31, 1938. The number of films censored during the previous fiscal year was 306.

Of the films censored during the 1937-38 year, 8 were rejected by the Tribunal of Censors. Five of the films rejected were American, while 3 were Mexican. No reasons were given by the Political Governor as to why the Mexican films were rejected, but it is possible that it was owing to faulty sound or poor photography. The reasons for rejecting the American films are mentioned below.

In the case of the first American film rejected, the Tribunal of Censors based the rejection on the fact that the film had defects in sound and synchronization. In the second case, the American film was rejected because its plot failed to conform to the conditions stipulated by the regulations governing the censoring of films in Honduras. The third American film was rejected because the censors considered that it was immoral.

The final two American films rejected deserve special attention. In refusing to permit these two films to be shown in Honduras, the Tribunal of Censors followed the suggestion of the German Minister to Honduras, who requested the local authorities to ban the films in the Republic.

Censorship is not very strict, but the Tribunal of Censors usually refuses permission for a film to be shown in this country if a foreign diplomatic or consular official in Tegucigalpa objects to the film and requests that it be not exhibited. So far as is known, no agreements have been made by the Honduran Government with other countries to bar films which are considered objectionable, on protest by a friendly country.

COMPETITION -

American films are practically without competition in Honduras, it being estimated that approximately 90 percent of the films exhibited in the country are of American origin. The next largest supplier of films is Mexico, but the number of Mexican film shown during a year is small indeed. Occasionally a German, French, or English films is shown.

American films are quite popular in Honduras, although Mexican productions probably owing to the fact that they have the Spanish sound text, usually draw larger audiences and are run for a greater length of time. American films exhibited in the country usually are dubbed in Spanish, which is the language of the Republic.

COPYRIGHT RELATIONS -

The laws of the country are believed to be satisfactory from the viewpoint of protecting copyrights and foreign producers from piracy.

PRODUCTION -

No motion-picture films are produced in Honduras.

TAXES -

No tax is levied on distributors, but motion-picture theaters must pay from 5 to 10 lempiras (lempira = \$0.50 at present exchange) taxes for each day on which they operate.

According to the Honduran Customs Tariff, motion-picture films imported into Honduras pay 0.50 lempira duty per gross kilogram. In addition to this duty, the following tax is also collected on films imported: For each film in the Spanish language, whether silent or sound, with titles in Spanish or combined with another language, 15 lempiras. For each film in any other language or combined with Spanish, 25 lempiras. The following kinds of films are exempt from paying this tax: Films such as shorts, news reels, advertisements, educational films, and comic cartoons.

THEATERS -

There are 27 motion-picture theaters in operation in Honduras. Films of action and adventure seem to be preferred by the majority of Honduran motion picture fans.

SOUND -

All of the 27 theaters are wired for showing sound films.

EDUCATIONAL FILM DEVELOPMENTS -

There is at present no market for educational films and equipment, nor is there likely to be any demand along this line in the immediate future. No schools are using this type of film for teaching purposes.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	--	\$ --
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	1,819	\$ 75
Negative Sound.....	--	\$ --

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FRENCH WEST INDIES

LEGISLATION -

There are no laws in force prohibiting foreign exchange, nor are there any laws giving other countries preference over American films.

No quota or contingent laws are in effect, nor is any legislation contemplated which might reduce or prevent American distribution of motion pictures.

There was no adverse film agitation in this market during the year.

CENSORSHIP -

There appears to be no censorship practiced in this colony, although by decree of the President of France, dated May 16, 1935, and published in the Journal Officiel of Martinique on pages 405, 406, and 407 of the issue of June 15, 1935, there is established a censorship of films and a commission composed of the Secretary General of the colony, or his delegate; the Prosecutor of the colony or his delegate; a representative of the Commandant of the troops; a representative of the Chief of Public Instruction; and the president of an organization known as the "Syndicat d'Initiative." There is no record extant of any films being rejected, and children of all ages are admitted to theaters at any time there is a showing.

COMPETITION -

French and American films. Some 50 percent of the films shown are American.

COPYRIGHT RELATIONS -

French laws apply.

PRODUCTION -

No production in Martinique or in the island of Guadeloupe.

TAXES -

No tax on receipts. This tax was abolished some time ago.

THEATERS -

There are 15 cinemas in Martinique, with an estimated seating capacity of 8,700. These are located in the following cities: Fort-de-France 5, Francois 1, St. Pierre 1, Ste. Marie 1, Trinite 1, Lamentin 1, Vauclin 1, Riviere Pilote 1, Lorrain 1, Basse-Pointe 1, Precheur 1. All theaters have two or three showings a week, and all but two are properly wired for sound. Admission prices in the cities range from 1 to 10 francs and in the smaller towns and villages from 3 to 6 francs (a franc is equal to \$0.0269 American currency). In the cities and larger towns where prices of admission are higher, the program consists of one news reel and one feature picture. Sunday nights when there is an increase in the prices, a short comedy is included. In the low-price village theaters only one picture is shown. Feature pictures are shown twice, usually at the 6 p.m. showing and again at the 9 p.m. performance. In the villages a picture is shown once only, after which it is sent to Fort-de-France and returned to the distributor.

Favorite type of picture: It would appear that any picture is acceptable just so long as the dialogue is in French, the accepted language of the island. American films "dubbed" in French are not objected to by the theatergoers.

The foregoing remarks concerning Martinique apply equally to the industry as established in Guadeloupe, with the following exceptions. There are two motion-picture houses, similar to those established in Martinique, operating in Pointe-a-Pitre, and two in Basse-Terre. All are equipped for sound. It is assumed that each town and village on the island has at least one place where films are shown.

SOUND -

There are 15 theaters wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

No schools or colleges in the French West Indies use educational motion-picture films. There appears to be no interest along these lines at the present time.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound	100	\$ 3
Negative Sound	--	\$ --
1937 - Positive Sound	149,298	\$4,494
Negative Sound	--	\$ --

GUATEMALA

LEGISLATION -

There are no quota or contingent laws governing imports of motion-picture films into Guatemala, and there is no legislation adversely affecting the distribution of American or other films in the country.

The only legislation enacted thus far in 1938 affecting the motion picture industry in Guatemala consisted of Decree No. 2130 of August 12, 1938, which revised the tax to be paid by motion-picture distributors or their agents. This formerly was a lump sum of \$300 per year, but it is now changed to 10 percent of the distributor's share of entry receipts. A deduction of 25 percent from the distributor's share may be made to cover expenses, and the 10 percent tax is applied to the balance.

CENSORSHIP -

There is no official board of censorship in Guatemala, the Chief of the Police Service having jurisdiction in the matter. Exhibitors of motion pictures are held responsible for the type of pictures shown, and are subject to fine if a picture is shown which contains anything contrary to the laws of decency and public order.

No censorship agreements have been formulated with other countries to bar films on protest of a friendly country, but the Guatemalan Government will always cooperate with consular or diplomatic representatives of other countries in prohibiting the showing of pictures to which such representatives may object on the ground that they show their countries in an untrue or unfavorable light.

During the first half of 1938 three American films are known to have been rejected, and it is believed that one Spanish-speaking film was banned. Of the three American films banned, it is understood that all were objected to by diplomatic officials of other nations. Distributors state that they are having less trouble on this score because, when they have a picture which they know will be objected to, they cut the film beforehand so as to avoid trouble.

COMPETITION -

The chief competitors of American films in Guatemala are still the Spanish speaking pictures, though the lack of good pictures this year has somewhat diminished the popularity which was built up last year by three outstanding Mexican films. For the audiences which do not speak English or those who can not read the subtitles, the English-speaking films have a lesser appeal than even the poorer Spanish-speaking films. These audiences, also, are not discriminating as to plot, photography, etc., and they enjoy a picture which is in their own language, and well sprinkled with songs, dancing, and jokes.

It is estimated that approximately 70 percent of the films imported into Guatemala are still American-made, although the average showing time of the Spanish-speaking films is considerably longer than that of the average English-speaking film.

Competition from European films is limited, and only occasionally is a British, German, or French picture shown.

COPYRIGHT RELATIONS -

Copyrights in Guatemala are covered by the Inter-American Copyright Conventions at Mexico City and Buenos Aires, January 27, 1902, and August 11, 1910 ratified July 13, 1914, and April 9, 1910.

PRODUCTION -

There is no local motion-picture industry in Guatemala. Last year an American motion-picture producer made a travelogue in color of the region about Chichicastenango, which was shown here, but this is the only activity of the sort registered here thus far.

TAXES -

Under the new regulations, motion-picture distributors pay, instead of the former franchise tax, a tax consisting of 10 percent of their share of theater receipts. The 15 percent "Beneficencia Publica" tax is deducted from gross receipts, and the distributor pays 10 percent of his share of the remainder, after deducting 25 percent for expenses. Theater operators pay the license tax, the "Beneficencia Publica" tax, and the regular profits tax. Customs duties amount to \$1.50 per gross kilogram, plus 4 percent ad valorem consular fee.

THEATERS -

There are 34 exhibitors of motion pictures in Guatemala, including 18 theaters, with an estimated total seating capacity of 18,000, and a number of clubs, recreation halls on plantations, etc., where motion pictures are shown from time to time. Admission prices vary with the showings, weekdays being cheaper than Sundays as a rule, and are at different rates for the galleries or for the downstairs seats, and, at some functions, for men and women. They range from 5 cents to 50 cents.

As stated previously, the poorer audiences prefer the Spanish-speaking films with a plot that is a mixture of simple romance, low comedy, and music. The upper-class Guatemalan audience prefers the high-grade American pictures. Gangster and cowboy films are not popular, while any good comedy, romance, or musical film is enjoyed.

Attendance at theaters is being adversely affected by the slow but steady growth in counter attractions such as boxing matches, swimming and other athletic contests, and outings made possible by the increased number of automobiles. All these occupy the time of many people who formerly had only motion pictures for diversion on Saturday afternoons and Sundays. In the larger city theaters it is customary to have the first showing of a good feature film on Sunday night, and attendance is always good on that night. During the week, however, it drops off to a marked extent, and theater owners complain of gradually decreasing business.

This year the Ministry of Finance has, for first time, published figures of attendance at public spectacles in Guatemala City, and income to operators, which are as follows for 1936 and 1937:

<u>Year</u>	<u>Number of</u> <u>spectators</u>	<u>Income</u> <u>in quetzales</u>
1936	1,660,935	246,103.18
1937	1,804,777	292,984.92

While these figures are only for Guatemala City, and include all types of public spectacles, they give an idea as to the annual attendance at motion pictures, since it is estimated that motion pictures represent between 85 and 90 percent of the spectacles for which an entrance fee is charged and regular reports are made. Also, movie-theater attendance in Guatemala is generally considered as at least 75 percent of the total.

SOUND -

Twenty-eight of the theaters and other establishments are equipped for sound, and there are one or two operators who have portable sound equipment with which they cover a number of small towns on a more or less regular schedule.

Opportunities for selling additional sound equipment to theaters not already equipped are very small, as theater attendance is well below the capacity of the theaters already in operation, and there is little incentive to install additional equipment.

EDUCATIONAL FILM DEVELOPMENTS -

Although the Guatemalan Government has issued regulations permitting the entry duty-free of educational films, there has been little or no development toward a wide use of them in schools. Funds are not available for the purchase of projectors for the public schools, and few of the private schools are in a position to install such equipment. While the value of visual instruction is recognized, it has not been possible even to consider the regular use of educational films in Guatemala thus far.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound	1,016,553	\$16,130
Negative Sound	--	\$ --
1937 - Positive Sound	1,131,046	\$17,756
Negative Sound	--	\$ --

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JAMAICA

LEGISLATION -

There are no laws in Jamaica which prohibit foreign exchange, nor which give other countries preference over American films.

There are no quota or contingent laws in effect in this island. However, 25 percent of the films imported by the distributors are of British origin, although many of them are not shown. The percentage figure has been arrived at to agree with Trinidad's quota and as a policy measure so as not to encourage anyone to introduce legislation which might require a quota.

Local distributors of motion pictures state that there is no legislation contemplated which might reduce or prevent American distribution of motion pictures. So far as the American Consulate can ascertain there is no legislation contemplated along these lines.

CENSORSHIP -

It is estimated that up to October 1, 1938, 255 films have been censored since January 1, 1938. It is stated that 14 of these have been rejected.

So far as can be ascertained all of the films rejected this year were American. The government censor of films gives no reason for the rejection of films, but in most cases the reasons were the usual ones of drunkenness or unconventional frivolity on the part of white people. During the last few months, in consequence of local labor unrest, accompanied by riots, films showing riots and mob scenes have been rejected.

Censorship is strict in dealing with the situations above-mentioned.

No censorship agreements have been formulated with other countries.

COMPETITION -

The largest competitors of American films are those from Great Britain.

Eighty percent of the films shown are American, the remaining 20 percent being British.

American films are well received and preferred to British films.

COPYRIGHT RELATIONS -

There are no local copyright laws. Great Britain's copyright laws are in effect here.

PRODUCTION -

There is no local production of motion-picture films.

TAXES -

General property taxes and income taxes are imposed on theaters. These taxes are high when compared with those in similar-sized cities and towns in the United States. There are no import duties on motion-picture films; these are admitted under deposit arrangements with the government, and leave the island within 3 months when the deposits are refunded.

On August 27, 1938, a new local government amusement tax took effect. The tax amounts to 1/12 or 8-1/3 percent of the cost of admission and is paid by the patrons.

THEATERS -

There are 17 motion-picture theaters in Jamaica.

The total seating capacity of these theaters amounts to about 15,000. It is estimated that the total investment in the local motion-picture industry is £160,000 (\$762,400 at the present rate of exchange of \$4.76-1/2 to the pound sterling), of which £120,000 (\$571,800) is in the city of Kingston. All of the investment is in exhibition.

Admission prices range from 6 pence (\$0.12) to 1 shilling and 6 pence (\$0.36). The price for a box seat is 3 shillings (\$0.72).

Jamaican audiences prefer light musical comedies and Westerns.

It is expected that the income at theaters for 1938 will drop about 15 percent, or from £140,000 (\$700,000) to £120,000 (\$600,000). The reasons for this decrease are the new tax and other night attractions, namely, clay-pigeon shooting, bicycle races, and labor meetings.

SOUND -

All 17 theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

At the present time a limited number of 16-mm. films are imported annually by the Jamaica Welfare Limited from an American firm. This organization is supported by the Jamaican government, and the films imported are health-educational.

J. H. Briggs, sporting-goods dealer, 130-1/2 Harbour Street, Kingston, has 50 American 16-mm. films in stock which he shows in private and public schools. In the private schools, Mr. Briggs receives a fee for a showing, from the school principals. In public schools he is permitted to charge an entrance fee to each student. All of the films are educational and must be passed by the Director of Education before they are shown.

While the Department of Education, 116 East Street, Kingston, approved of the showing of these educational films, it has no appropriation with which to assist such activity.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound	148,603	\$2,277
Negative Sound	8,199	\$ 132
1937 - Positive Sound	260,481	\$3,703
Negative Sound	1,023	\$ 21

* * *

MEXICO

LEGISLATION -

The only existing restriction so far as foreign exchange is concerned is the payment of a 4 percent absentee tax in the case of monies leaving the country. American films are not discriminated against by Mexican laws. Fraction 7-41-25 of the Mexican Tariff assigns a lower rate (8 pesos per legal kilo) to films in Spanish, while a duty of 20 pesos per legal kilo is charged on films in any "other" language. Thus, motion-picture producers throughout the world are encouraged to produce for the Spanish-speaking market. In actual practice, this inducement has not been sufficient, since American-made Spanish-speaking films are practically non-existent, and importations of this type of picture from other countries are so limited as to represent no deterrent to the importation of American films.

No quota or contingent laws are in effect or contemplated for the immediate future, according to the trade. Some companies failed to win public favor in 1938 with certain of their productions, while others have grown in importance and have improved presentation, technique, and stories. Importers of film are very careful not to exceed 100,000 meters in any one year, since fraction 7-41-26 of the Mexican Tariff has two quotas:

(a) 20 pesos per legal kilo for positive motion-picture films measuring more than 20 millimeters in width, in any "other" language (not Spanish), provided importations are not more than 100,000 meters from any one company.

(b) If this length is exceeded, the quota is 40 pesos per legal kilo on the same film.

The importing companies usually have shipments made by several exporting companies. Educational films of whatever width and for whatever purpose are exempt from import duties. So far as is known, no laws are contemplated which might reduce or prevent American distribution of motion pictures. Regulations governing the operation of moving-picture theaters were published in the Diario Oficial of December 19, 1938.

Preferential tax treatment is extended to Mexican producers and exhibitors of Mexican films, and details thereof may be found under "Taxation."

CENSORSHIP -

Official data supplied by the Central Censorship Bureau in Mexico City indicate that 1,209 motion pictures were reviewed during the year 1938. When political or religious propaganda is presented, when national pride may be considered to be hurt, when local customs are ridiculed and history is presented grotesquely or not in accordance with official ideas, entire pictures may be refused acceptance. Importers of films are all familiar with these phases of censorship, and efforts are made not to import pictures which may run the risk of not being accepted.

The policies of the Censorship Bureau are quite definite: Political propaganda adverse to the theories of the present Government is firmly rejected, without further explanation. When films are considered to be a reflection on or derogatory to national pride, they are invariably rejected, cut, or modified, according to reports of the trade. Films which may be considered as propaganda for any religious or containing very religious themes, are frequently required to omit certain passages, to modify dialogue, or otherwise to tone down or limit religious propaganda to the limits set by official criteria. Moral situations as depicted in many European films, to the extent of being advertised as improper for ladies, are frequently permitted to stand; thus, it may be said that on moral grounds censorship is rather lenient.

No censorship agreements have been formulated with other countries to bar films which are considered objectionable, on protest by a friendly country and vice versa, and no such agreement is under consideration by the Mexican Government.

COMPETITION -

The principal competition encountered by American films comes from locally produced motion pictures. The main advantage of the latter is the Spanish language used, which permits a greater number of persons to enjoy a mediocre

picture as against the more limited number who prefer outstanding foreign productions. From abroad, competition exists in the following order of importance during 1938: United States, France, and Germany.

It is not believed, however, that the local industry will in the course of the next few years become a serious drawback for the exhibition of American films, and it is forecast that American production will continue to represent an overwhelming percentage of the pictures shown.

American films are well received. Public favor for an American film in preference to local productions has not had occasion to manifest itself, since good American pictures are usually shown at first-run theaters where only excellent, selected pictures of any nationality are run. Once American pictures get into the cheaper houses, they draw good prices, comparatively speaking, but so do the Mexican productions. If this is any basis for a criterion on the matter, good American pictures and good local productions are now on an equal footing in the second and third run houses so far as their money-making capacity is concerned. Generally speaking, American pictures easily lead all foreign films in earning capacity.

COPYRIGHT RELATIONS -

Governed by Presidential Proclamation of February 27, 1886, and April 9, 1910. An additional copyright regulation was published in the Diario Oficial of April 16, 1924, and is also recorded on page 330, chapter VII, of the Reformed Civil Code of the Federal District.

PRODUCTION -

About 60 films of six reels or more are stated to have been produced in Mexico during 1938. Of these, about 55 were exhibited. The others will be shown during the first months of 1939.

It is reported that every one of the films produced and exhibited in Mexico during 1938 has been exported, largely to Latin American countries and some of them to the United States, where they are shown in sections having large Mexican population.

The four studios at which films are produced in Mexico are listed below:

- (1) Estudios y Laboratorios Cinematograficos "Mexico Films,"
F. Montes de Oca 117,
Tacubaya, D. F.
- (2) Cinematografica Latino Americana, S. A.,
Kilometro 13 de la Calsada de Tlaplam,
Mexico, D. F.

(3) Cia. Nacional Productora de Peliculas, S. A.,
Paseo de la Reforma 315,
Mexico, D. F.

(4) Laboratorios Garcia Moreno,
Ave. Coyocacan y Calzada Nino Perdido,
Mexico, D. F.

Laboratorios Garcia Moreno (opened in 1938) imported second-hand equipment for the installation of its studios, and, although the equipment is fairly modern, it is not believed that it offers greater facilities than those already available in existing studios, principally "Mexico Films" (Jorge Stahl) and "CLASA" (Cinematografica Latino Americana). The studios of Nacional Productora de Peliculas (also called Universidad Cinematografica) are run cooperatively. Producers rent studio equipment available through the four aforementioned companies; and they either distribute or arrange for distribution through Mexican entities, and occasionally distribute through American companies engaged in this business. Competition offered by these producers is becoming more important each year, because of the ready acceptance in Mexico of nationally produced films. Likewise, producers are acquiring much-needed experience, and it is no secret that some of the pictures have been good money makers because of increased professional knowledge and improved technical skill. Several producers have accumulated substantial resources and are now planning more pretentious and better-finished pictures for 1939.

Production facilities are reported as barely adequate, and, despite the fact that a new studio was opened in 1938, producers still complain that well-equipped laboratories are needed. Production had to be interrupted during the month of September because of labor trouble. Laboratory processes have not been speeded up sufficiently to compare favorably with American laboratories. The lack of color-processing facilities has made the production of color pictures so limited as to be virtually non-existent. Several producers are planning on using color for some of their productions, but, so far, it is not known whether they will ship their film to the United States for processing or whether they will assist some laboratory in the local installation of appropriate equipment. The necessity for such equipment in Mexican studios is appreciated by producers, since the majority of pictures in Mexico depict the beauty of scenery in the country, and color would certainly enhance their pictorial and entertainment value. The industry is not well financed, generally, but at least three of the producers are now in sufficiently good financial position to be able to produce adequately. More ambitious plans for the future are being made by these three companies, and expenditure of sums approaching the half-million-peso mark for one feature is not unusual for them. Many films have been in the past and some are now being produced "on a shoestring." Exhibitors and distributors are more reluctant now than in the past to assist in the financing of "fly-by-night" companies, and their condition is becoming more precarious, consequently, it is believed that pictures will be produced in Mexico in the future by more substantial companies instead of by hastily organized and inadequately financed enterprises.

The committee of the National Senate entrusted with the study of a bank for financing of the industry has not been able to get any action on the part of the Government for the foundation of this institution, principally because of the many problems facing the Federal Government at the present moment, which require all available funds.

The Government does not directly subsidize the domestic motion-picture industry. Indirectly, however, through favorable taxation, the industry is somewhat fostered. A revised estimate of the total investment in the Mexican motion-picture industry gives a figure of about 18,000,000 pesos. Of this, it is believed that about 3,000,000 pesos are invested in production and by far the greater part of the rest in exhibition, which would include motion-picture theaters and equipment. No estimate is available as to the investment in distribution, which investment, however, is considered somewhat limited and involving largely office and storage space, as well as private showrooms.

The technique used in turning out Mexican films is copied after American procedure, but on a smaller scale. Technical personnel, equipment, and extent of finances as yet limit the standard of the majority of Mexican films. The greatest improvements noticed during 1938 were in dialogue, continuity, direction, cutting, and more natural acting. Direction of films is still deficient, but a few pictures made in 1938 showed an improvement in this respect.

Objection to the "dubbing" of American or other foreign films in the Spanish language is generally so strong that it is rarely done. However, a notable example of successful "dubbing" was in the outstanding feature-length animated cartoon. This was considered necessary, since the majority of the public would naturally be composed of children. In the Alameda Theater in Mexico City, during the first run, English and Spanish copies of the film were shown during the same day.

Generally, Mexican motion-picture patronage follows the star featured in foreign films. In Mexican-made films they follow both the star and the theme of the picture. Mexican motion-picture audiences have their favorite American stars, and attendance is drawn largely by the feature player rather than the theme of the film itself. American films based on "best sellers," unless played by good stars well known in Mexico, fail to attract the public, since those novels are not familiar to the audience and do not mean a thing to them. Mexican pictures are principally based on popular songs and occasionally on well-known books. The predominant language of the country is Spanish.

There is no requirement that foreign films must be "dubbed" within Mexico, but, should there be such a requirement, it would have little or no effect, inasmuch as Mexican audiences are definitely opposed to the "dubbing" of films. Some short pictures, particularly cartoons, are shown with "dubbing", but the practice is infrequent. Travel shorts, on the other hand, and news reels are usually explained or commented upon in Spanish, and are readily accepted thus, since the voices used are clear and monologue is entertaining.

TAXES -

Taxes are considered high by distributors and exhibitors, but in reality the number of small theaters is diminishing so rapidly that large houses can easily pay the tax and make a handsome profit at the end of the year. Exhibitors pay a municipal tax on box-office receipts plus a Federal tax on such receipts, plus a capital tax and stamp taxes. In the Federal District, the box-office receipts are taxed at 13 percent by the local authorities. An additional 5 percent tax on this 13 percent was levied by the Federal District government during 1938. On the proceeds of this tax the Federal Government levies a 15 percent tax. Both taxes are collected every 10 days. By a decree dated January 15, 1937, and published in the Diario Oficial of January 22, 1937, the Federal District tax is levied on the basis of the average box-office receipts during the months of October, November, and December of each year, and from this an average monthly tax collectible every 10 days is levied. By mutual consent, the taxes paid during 1937 were applied to 1938. This was apparently favorable to the Government, since 1937 was generally considered a year of prosperity. Yet 1938 did not reduce the volume of attendance, and thus motion-picture theaters found the tax equitable. In reality, many of the first-run theaters and numerous second-run houses have found it possible to increase admittance charges without loss of patronage. The Federal District tax corresponds to a municipal tax. Municipal taxes in other parts of Mexico vary from 10 to 35 percent of daily receipts; the latter tax is applied in Veracruz and may be considered the exception.

In lieu of an income tax, distributors pay 5 percent of the gross rentals charged for films which they distribute. This provision is contained in a decree dated January 27, 1936, and published in the Diario Oficial of February 7, 1936. Such a tax is covered by stamps attached by the distributor to receipts for payments received from exhibitors for the rental of films. In addition to this, distributors pay a tax on their capitalization plus stamp taxes, which latter comprise Government stamps attached to contracts and receipts.

National producers, under a decree issued February 3, 1936, and published in the Diario Oficial of February 7, 1937, pay no income tax on receipts obtained from the exploitation of films which they produce, whether such exploitation for exhibition purposes is in Mexico or in foreign countries.

THEATERS -

From reliable trade sources it has been possible to ascertain that there are exactly 437 moving-picture houses in Mexico properly equipped to run sound pictures, which are the only kind of pictures readily available in the country.

There are also 386 moving-picture theaters (the majority in very small towns), which are not equipped to run talking pictures. These theaters run occasionally whenever they can get a silent motion picture or whenever a

musical picture having practically no dialogue can be shown with the assistance of a piano player who plays any kind of music during the performance.

The average admission price is estimated at 0.40 pesos. The Mexican peso is currently quoted at 5 pesos for \$1 U.S. currency; it is not possible to know what the rate will be in the immediate future. Admission prices vary according to the theater. The maximum admission charge is about 2 pesos in Mexico City. Admission prices outside the capital vary from 0.10 peso to 1.50 pesos.

Films with romantic themes, comedies (competently done), and musicals continue to be preferred. Westerns find a considerable following in the rural districts, if the heroism is not so heavily drawn as to be considered ludicrous, as happens in many cases. Mexican audiences outside of Mexico City are reported to prefer films that do not have too much talking, inasmuch as many of the patrons cannot read and the theaters have abandoned the policy of having someone read the titles to the audience. Mexican producers have stressed folklore plots in a considerable number of pictures, and efforts have been made by all producers during 1938 to get away from this. Yet, a large percentage of films continues to have the same theme, and, although reports from various sources are to the effect that the public is tiring of this type of picture, all Mexican productions continue to draw patronage at good prices.

SOUND -

Four hundred and thirty-seven motion-picture houses operating in Mexico are now equipped for sound. Prospects for selling sound equipment in unwired theaters are said to be good.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market for the sale of educational motion-picture films, but the equipment for the exhibition of 16-mm. films may be considered as potentially salable. A number of persons have 16-mm. cameras and projectors and a few sales may be made in the country, but decided preference is shown for the new 8-mm. cameras and projectors.

No schools or colleges are reported as using this type of film for teaching purposes, and it is believed that no educational institution is in the market for such equipment at the present time.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound	9,045,028	\$264,569
Negative Sound	46,355	\$ 1,315
1937 - Positive Sound	8,594,673	\$271,331
Negative Sound	35,360	\$ 1,054

NICARAGUA

LEGISLATION -

Basic laws concerning the distribution of available foreign exchange have been changed twice during the past year. The present situation is that, if permission to purchase a dollar draft with cordobas is not granted by the Commission of Control, interested parties may legally purchase dollar currency in the curb market and use this dollar currency in purchasing dollar drafts from the National Bank of Nicaragua, Inc. Remittance therefore is always possible under present law; but the depreciation of the cordoba, which is now officially quoted at 5 to the dollar (in the street market about 5.70 to the dollar) has made it impossible for theater owners, who have apparently not changed their entrance charges, to transmit funds to American producers. The latter have therefore ceased sending pictures to Nicaragua.

There are no laws giving other countries preference over American films. No quota or contingent laws are in effect. There are no laws which require that a percentage of domestic films be shown on each program.

CENSORSHIP -

In 1937 censorship covered about 184 pictures. No films were rejected.

COMPETITION -

Mexican enterprises contracted to send 44 films to Nicaragua in 1937, but actually seem to have sent only 12; they are reported not to be sending any at present. One source attributes this to the impossibility of the exhibitors' doing any business with these films. On the other hand, it has been observed that the Mexican films are well attended and are frequently shown many times over. Mexican films represent a serious item of competition with American ones in Nicaragua because Spanish dialogue is a considerable asset in a place where the low degree of literacy does not permit the public to follow inserted subtitles with any degree of ease.

During 1937 it is estimated that 85 percent of the pictures shown were American, and about 3 percent German. During 1938, and especially in recent months, the appearance of British films has been conspicuous, and German and French ones have become more common.

COPYRIGHT RELATIONS -

Inter-American Copyright Convention, Mexico City and Buenos Aires, January 27, 1902, and August 11, 1910, as modified by the Havana agreement of February 18, 1928.

PRODUCTION -

There is no local production of motion pictures.

TAXES -

Taxation is considered rather high. Theaters are reported to pay varying amounts per performance to local governments; in Managua the largest pays 3 cordobas to the National District and 2.50 to the Public Welfare Council on Sundays, respectively 2 and 1.50 cordobas on weekdays; the second largest theater pays slightly less. Taxation on tickets is 1/2 centavo up to 10 centavos, and 1 centavo on each 10 centavos of the value of the ticket in excess of the first 10 centavos. Thus a ticket costing from 41 to 50 centavos pays 4½ centavos. These taxes come to about 8 cordobas per performance for the total of paid admittances. Distributors pay 10 cordobas per month license fees and 15 cordobas for annual registration.

THEATERS -

There are 24 motion-picture theaters in Nicaragua, with a total seating capacity of 21,750. The admission price runs from 5 to 50 centavos of a cordoba, and the average is perhaps from 15 to 20 centavos. The type of film best liked by native audiences is the Wild West type, though the general run of dramas and news reels are also popular, as well as cartoon comedies.

SOUND -

All 24 theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

There seems to be no market for educational film.

IMPORTS FROM UNITED STATES:

	Feet	Value
1933 - Positive Sound	10,771	\$ 278
Negative Sound	---	\$ ---
1937 - Positive Sound	7,923	\$ 99
Negative Sound	---	\$ ---

* * *

PANAMA

LEGISLATION -

There is no production of motion-picture films in Panama; consequently, all those required are imported.

There are no laws or regulations prohibiting the purchase of foreign exchange, nor are there quotas established on the importation of goods of any description. So far as is known, no legislation is contemplated which might reduce or prevent the importation and distribution of American-made motion-picture films. Prior to the National Assembly's convening September 1, 1938, it was anticipated by motion-picture film distributors that the Government would raise the duty on films imported to be exhibited in Panama proper, but this failed to materialize. The National Assembly's regular session closed at the end of December, and there are no indications at the present time that motion-picture films will be placed on the duty list.

Motion-picture films are on the free list but pay a consular invoice fee of 8 percent. Each reel of film is arbitrarily assessed a value of \$10 for the purpose of fixing the consular invoice fee.

CENSORSHIP --

There were no films rejected or censored during 1938. Censorship is not strict, and, in reality, there exists no Federal censorship law. Public performances are regulated in accordance with the law as set forth in the Codigo Administrativo, articles 1221 through 1237, although the censoring of motion-picture films is not mentioned in these articles and no Federal censorship committee exists.

The Municipality of Panama has a board of censors, the Comision de Censura de Piezas Teatrales, consisting of a president, a secretary, and three members for the two principal theaters in the city and two for each of the others. There are no censorship agreements with other countries to bar films which are objectionable or protested by a friendly nation.

A separate committee exists in Colon, but the Panama City Board, in reality, acts for the entire Republic, and, as protests are usually brought before this Board, it is the most important. The committee is fair in passing on films and seldom bars any well-recognized American production. On those few occasions in the past when American films have been barred, or objections raised, they have been due to complaints registered by the representative of a foreign government. Acceptance of a picture in Panama City is usually tantamount to insuring its acceptance throughout the country. The Panama City Board of Censors was established by Decree No. 38 of November 1, 1928, issued by the Mayor of the Municipality of Panama.

There is no censorship committee in existence in the Panama Canal Zone. As a rule, pictures that are permitted to be exhibited in the United States may be shown in any of the theaters in the Canal Zone (which is under the jurisdiction of the United States Government). All of the Government-operated theaters usually provide in their contracts with distributors that any part of a film may be eliminated if that should be deemed advisable.

COMPETITION -

In the absence of domestic production of motion-picture films, all those required are imported and about 80 percent of these come from the United States. The remaining 20 percent is supplied by Mexico, Argentina, Great Britain, and France, in the order named,

American-made films in the English language are the most popular, that is, in the first-run houses. Mexican films are becoming increasingly popular, principally on account of the language of the films (Spanish) and the type of music employed. This is true in second-run houses, as many of the patrons do not read or write, and more especially in the interior of the country. The well-known Mexican film, "Alla en el Rancho Grande", made a tremendous hit not only in the second-run houses but in the first-run houses as well; and there has been, perhaps, no picture imported in recent months that has grossed as much as this one. This, however, applies to the Republic of Panama and not to the Panama Canal Zone.

Residents of the Panama Canal Zone are predominately American and not only prefer, but demand, American pictures. Occasionally an English film is exhibited, but it is never very well attended.

COPYRIGHT RELATIONS -

All copyrights are paid for in the United States before entering Panama. Law 70 of December 19, 1928, puts into force the Buenos Aires Convention of August 11, 1910.

TAXES -

The only Federal tax on motion pictures in the Republic of Panama is assessed against tickets. Tickets that cost 20 cents each pay a tax of 1/2 cent; from 21 cents to 40 cents - 1 cent; from 41 cents to 60 cents - 2 cents; and 60 cents and above - 4 cents.

Motion pictures produced in a foreign language and not having superimposed titles in Spanish pay double the rate quoted above.

Motion-picture theaters pay municipal license taxes that vary according to the city, classification of theater, gross income, etc. In Panama City, for example, the municipal tax is divided as follows:

First-class houses are taxed, per month.....	\$175
Second-class houses are taxed, per month.....	150
Third-class houses are taxed, per month.....	100
Fourth-class houses are taxed, per month.....	50
Fifth class houses are taxed, per month.....	40
Sixth-class houses are taxed, per month.....	30

Distributors are not subject to a tax as such; those established in the Republic are subject to the same taxation as any other business.

THEATERS -

There are 24 motion-picture theaters in operation in the Republic of Panama, with a total seating capacity of approximately 13,700. Two new theaters, namely, the "Popular" and the "Cinilandia", in Panama City, are under construction but will not be completed until the early part of 1939.

The "Popular" is being constructed by the Empresa Gabriel Barrios, Box 754, Panama City, which concern owns and operates a chain of motion-picture theaters in Panama City and Colon. This theater will have a seating capacity of 1,202, will be wired for sound, and will have all American-made equipment. It is scheduled to open the second week in January 1939.

The "Cinilandia" is being constructed by Senors Hernandez, Enriquez Jimenez, and Alcibiades Arosemena, of Panama City. They will use American sound equipment, and the house will have a seating capacity of 1,500. The opening date is scheduled to be about the middle of March 1939.

The Panama Canal Zone has 25 motion-picture theaters, as follows:

Bureau of Clubs and Playgrounds.....	11
United States Army.....	10
United States Navy.....	2
Y. M. C. A.....	2

The combined seating capacity of the theaters in the Canal Zone is about 11,080. The total seating capacity of all motion-picture theaters on the Isthmus at the present is approximately 24,780.

In the Republic of Panama approximately five performances a day are given in the more popular-class theaters, and two performances daily in the theaters in the Canal Zone, except the Y. M. C. A. theaters, which give only one regular performance (on Sundays) and extra performances when transports are in dock.

The usual daily program is made up of 10 reels, consisting of one feature, a news short, and one or two comedy shorts. The price of admission varies according to the location of the theater and the type of picture shown. At the Army theaters the charge for admission is 10 cents for children and 15 cents for adults. Civilian Government employees are permitted to attend the Army theaters, but the price of admission is 25 cents for children and 40 cents for adults.

In the Canal Zone theaters that are operated by the Bureau of Clubs and Playgrounds, the price of admission is 30 cents for ordinary-run pictures and 40 cents for first-run features.

In the first-run houses in Panama City and Colon the price of admission is 30 cents for matinees and 40 cents for evening performances. Admission for children ranges between 10 and 15 cents, with a maximum of 20 cents for evening performances.

In the Republic of Panama programs in theaters change, on an average, four times per week; the same is true with the theaters operated by the Bureau of Clubs and Playgrounds in the Canal Zone. The Army theaters change programs daily.

The theater public in the Canal Zone prefer musicals and enjoy any picture that is well received in the United States. New reels are especially popular. The average American is interested in news reels in order to keep abreast with conditions and developments not only in the United States but in other countries. Motion-picture distributors, as a rule, release news reels about 6 or 7 days after they are placed on the market in the United States. This is due to the splendid steamship and airplane service between the United States and Panama.

The type of picture best liked in the Republic of Panama, that is, in the first-run houses, is heavy drama, or any picture that is emotional and well-acted. Musicals are popular but not to the extent that they are in the Canal Zone. In the second-run houses and small theaters in the interior, the "wild west" type of picture with plenty of action is always popular.

The interior represents such a small part of the market for films that it is hardly worth while for American distributors to undertake any special effort to cater to that section. Very little English is spoken or understood in the interior, and a substantial part of the laboring class cannot even read or write; consequently, the Spanish-type films are most popular.

Patrons of the first-run houses, as a rule, understand English well, and, although it is preferable to superimpose Spanish titles on all American films, it would be a decided mistake to dub in Spanish on any film shown in this class of theater.

SOUND -

All 51 theaters on the Isthmus are wired for sound and equipped with American-made projectors. So far as is known, there is not a single installation of non-American equipment in any of the theaters. There is very little prospect of selling sound equipment, except in instances where new theaters are constructed.

So far, no air-conditioned theaters have been constructed, but there is talk of the Bureau of Clubs and Playgrounds (Panama Canal) constructing one in Ancon in the near future. The prevailing belief is that the semi-open-type theater is best adapted to the Isthmus, because of climatic conditions. The

average mean temperature the year round is 80° Fahrenheit, and the humidity is 80. All of the new theaters constructed at the different military posts in recent years have been of the semi-open type, with cross ventilation. Generally speaking, theaters in the Republic of Panama are poorly designed and ventilation is inadequate.

If some concern would promote the construction of a modern-designed theater in Panama, air-conditioned throughout, it would virtually compel all theater owners and operators of first-run houses to follow suit.

EDUCATIONAL FILM DEVELOPMENTS -

So far, educational institutions in the Panama Canal Zone have not installed sound equipment for exhibiting educational films. A few hundred 16-mm. projectors have been sold to individuals, mostly for projecting amateur films, but no definite development of any commercial consequence has taken place in the sale of educational or other types of 16-mm. sound films.

It is believed that the Panama Canal authorities could be induced to purchase 16-mm. sound projectors for the Junior College and Junior High Schools, and to include educational films in the standard program of education. The same situation is true with respect to the Department of Education of the Panama Government. All school systems, except a few private schools, in the Republic of Panama are operated by the Federal Government. If the matter were properly presented to the Secretary of Education it is believed that, at least, equipment could be sold for the Normal School at Santiago, and perhaps the National Institute of Panama City. This would be the forerunner of other installations which would create a market for 16-mm. educational sound films.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound	6,813,912	\$ 92,393
Negative Sound	5,678	\$ 70
1937 - Positive Sound	10,123,039	\$127,992
Negative Sound	2,038	\$ 35

* * *

P PARAGUAY

LEGISLATION -

There are no laws prohibiting foreign exchange: the Bank of the Republic has recently proposed an exchange-control and prior-permit system, but nothing has been done as yet in this regard.

There are no laws giving other countries preference over American films, nor are there any quota or contingent laws in effect.

No legislation aimed to reduce or prevent distribution of American motion pictures is contemplated. The only possibility might be the inclusion of the few films produced in Argentina in a reciprocal trade agreement, especially in return for the exportation of certain Paraguayan fruits, such as oranges, tangerines, and grapefruit. This is a problem which arises every year, and newspaper articles have appeared regularly severely criticising the quality of the Argentine pictures shown here.

CENSORSHIP -

No films were censored during 1938, nor were any rejected. Censorship in Paraguay is by municipal decree in Asuncion, where all films must be examined, and is not strict. Since the films shown are first previewed in Buenos Aires, they are permitted to be shown as censored or accepted on the certificate of the Argentine authorities. It is unlikely that a film rejected in Argentina would be exhibited by an operator in Paraguay. Previews are not required except where the title suggests subversive or immoral subject matter.

COMPETITION -

Competition to American films, such as it is, is about equally divided, with a slight advantage for the French films distributed from Buenos Aires. All films are rented from the Buenos Aires branches of American and European distributors, all of whom have offices in Argentina.

At least 90 percent of the films shown in Paraguay are American. France supplies the majority of the rest of the films shown, with British, German, and Argentine films, in the order given, supplying the remainder. American films are preferred to all but the very best foreign films and are nearly all very well received.

COPYRIGHT RELATIONS -

Article 19 of the Paraguayan Constitution guarantees the right of intellectual property to all inhabitants of the Republic. No laws were enacted during 1938 governing the application of this constitutional right.

Since there is no production of motion pictures in Paraguay, there is no danger of piracy. It is strongly suggested, however, that all producers' trade marks, etc., be registered by the distributor or producer in order to prevent prior registration by unscrupulous individuals.

PRODUCTION -

No films were produced during 1938, as there are no facilities for motion-picture production. "Dubbed" films are seldom exhibited. "Dubbing" by actors

speaking with one of the accents common to Latin American countries would probably meet with success. The commercial language of the country is Spanish, although Paraguayans of all classes speak Guarani (an Indian language). There are no laws governing "dubbing" of foreign-language films, and there is no Government subsidy to stimulate production. There are no data available as to the amount of money invested in the motion-picture industry in Paraguay.

TAXES -

Taxation on the motion-picture industry in Paraguay is light.

Under paragraph 1154 (c) of the Paraguayan tariff, positive motion-picture films and developed negatives enter the country free of duty, except for a nominal charge of 400 Paraguayan pesos (\$1.25) for each package of films which is paid at Encarnacion, the port of entry, since films are usually brought in by train. The sales tax on admissions amounts to 2 Paraguayan pesos per person (about \$0.006 at current exchange rates of 323 Paraguayan pesos for \$1 U.S.). This tax is for sanitation purposes and is absorbed by theater operators.

THEATERS -

There are 15 theaters in all Paraguay, 8 of which (6 in Asuncion) are wired for sound. In the course of the year one exhibitor placed a portable 35-mm. projector on a truck and has been visiting towns in the interior that do not have theaters. Operators estimate the total seating capacity at about 7,000, the three first-run houses seating about 2,500. The average price of admission is 50 Paraguayan pesos (about \$0.15.)

First preference is for musical extravaganzas. However, films dealing with heroism and historical subjects enjoy nearly the same degree of popularity. Cultural films and sophisticated comedies have very little success. There are no data available on the yearly gross income of motion-picture theaters; estimates by the various operators run between 4,000,000 and 12,000,000 Paraguayan paper pesos. The most accurate figure seems to be about \$31,000 United States currency.

SOUND -

Eight theaters of the 15 operating in the Republic are wired for sound - 6 in Asuncion, 1 in Encarnacion, and 1 in Villarrica. The prospects of selling sound equipment to the silent theaters are slight, because they would be more likely to purchase second-hand equipment than to install modern units.

The Asuncion Municipal Prefect has disclosed that plans are afoot to construct a really modern motion-picture theater, the first in the country; to that end the Teatro Municipal has been shut down for repairs and will be reopened some time in April 1939, operating as a substitute until the projected cinema is constructed. There may be an opportunity to sell projectors and sound equipment to the operator, but his identity is not known as yet, since the theater is to be rented through sealed bids.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market for educational motion-picture films and equipment at present. Government schools do not have funds for such equipment, and, of the three private schools, one is Italian, one German - both unlikely to use American films - and the other school is under the supervision of an American missionary society. The director of the missionary school, now on vacation in the United States, has expressed a desire to install 16-mm. sound equipment and conduct a few classes with motion pictures. It may be noted in this connection that the Paraguayan Government has recently issued a decree requiring all schools in the Republic to give a course aimed against extremist principles. A decree had already been published earlier in 1938 prohibiting education along communistic lines, and this new decree is intended to limit teaching in Paraguayan schools to democratic principles, avoiding both leftist and rightist propaganda.

Films intended for use in educational work would undoubtedly have to be approved by the Ministry of Education, inasmuch as curricula for all schools must be along lines dictated by the Ministry.

No schools or colleges use this type of film as yet. The Colegio Internacional, the missionary school mentioned, is the only institution known to be thinking in this direction at present.

IMPORTS FROM UNITED STATES:

	Feet		Value
1938 - Positive Sound.....	---	\$	---
Negative Sound.....	---	\$	---
1937 - Positive Sound.....	7,884	\$	473
Negative Sound.....	---	\$	---

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PERU

LEGISLATION -

There are no laws in force in Peru prohibiting foreign exchange, nor does there exist any legislation that might reduce or prevent the distribution of American motion pictures in that country. No laws are in existence that require a certain percentage of domestically produced films to be exhibited in Peruvian cinemas.

CENSORSHIP -

During the period from January 1 to October 22, 1938, the censorship board reviewed 895 films. This number includes features, shorts, and news reels, with

a total length of 1,177,464 meters, paying censorship duties amounting to S/46,949.32. ("S/" signifies "soles", the currency unit being the "sol".) Educational pictures, which are not subject to censorship duties, amounted to 54 during the January-October period. The following table shows the breakdown of the films reviewed:

American features.....	285
American shorts and news reels	393
All others.....	<u>217</u>
Total.....	895

The following films were rejected by the censorship board during the 9-1/2 month period under review:

<u>Title</u>	<u>Country of Origin</u>	<u>Grounds for rejection</u>
El Deber se Impone.....	Mexican.....	Anti-militaristic.
Vamos con Pancho Villa.....	Mexican.....	Anti-militaristic.
Fatalismo.....	French.....	Communistic.
La Ciudad del Silencio.....	French.....	Communistic.
Fuera de la Ley.....	Argentine.....	Bad general social influence.
"A".....	American.....	Socialistic tendency.
"B".....	American.....	Unsuitable for youth.

Censorship during 1933, according to local distributors, was liberal. Censorship bears most heavily on themes and situations which are likely to foment feeling against classes, political parties, militarism, established order in general, and religion. The censorship of films pertaining to morals is based to a great extent on the moral censorship code as applied to production in the United States.

There are two censorship agreements that have been formulated by Peru with other countries; one with Chile, the other with Argentina. The convention with the Republic of Argentina was signed in Buenos Aires on July 2, 1935, and was approved by the Peruvian Government by Supreme Resolution No. 423, dated August 21, 1935. The convention with Chile was signed in Santiago on July 5, 1935, and was approved by Supreme Resolution No. 419 on August 21, 1935.

The articles of both conventions provide the following: The governments of each country (Peru-Chile; Peru-Argentina) agree to prohibit in their respective territories the exhibition of motion-picture films which are considered offensive by the signatory parties as the case might be; that government which considers the exhibition of certain films offensive will request the other to prohibit the showing of such film, except in those cases where the objectionable theme of the film is self-evident and in such cases the respective governments will prohibit its exhibition without waiting for a formal protest from the government of the country involved.

COMPETITION -

Motion-picture competition during the first 9½ months of 1938 was approximately 49 percent American in playing time, 41 percent Spanish dialogue, 5 percent French, 2 percent German, 2 percent Italian, and 1 percent British. The decline in the percentage of playing time of American productions during 1938 from an estimated 70 percent during 1937 can be attributed to the augmented number of Spanish-dialogue pictures that were available during the year under review. The Spanish-dialogue films consisted of Mexican, Argentine, and Peruvian productions. The nine domestically filmed pictures, although not meeting the quality standard of imported films, especially American, helped along with other Spanish-language pictures to consume playing time which might have been obtained by American films. French productions gained in popularity during the year, registering several financial successes for the local distributors of these films. The decrease in playing time of American productions during 1938 was counterbalanced, financially speaking, by the fact that American quality productions continued to hold their strong position in the release and second-run houses. Because of the system of simultaneous releases of Spanish talking pictures in second-run houses, which averaged at times about 20 theaters a week with two releases, American distributors have been experiencing difficulty in obtaining playing time in these theaters which up to the present time have been their chief source of support.

It must be recognized that Spanish-language pictures, generally speaking, are making great advances in this market, and their effect is being felt more and more by local distributors of American films. When considering the provincial districts and the neighborhood houses in the Lima-Callao district, it must be realized that a large percentage of the public patronizing these theaters is composed of the illiterate working class, who are unable even to read the Spanish subtitles on American productions, and consequently exhibitors will give preference to Spanish-dialogue pictures that may be available.

Despite the ever-increasing competition, distributors of American films are confident of securing a substantial share of the business available with present stars and features.

COPYRIGHT RELATIONS -

There are no laws in Peru specifically protecting copyrights and foreign motion-picture producers from piracy. In case of infringement, however, the articles of the Inter-American Copyright Convention, Buenos Aires, August 11, 1910, ratified on July 13, 1914, of which Peru is one of the signatory nations, could be invoked.

The titles of all films are duly registered in the local municipality, and the trade marks of the American companies operating in Peru are registered in the Peruvian Patent Office (Seccion de Industrias, Ministerio de Fomento).

PRODUCTION -

There were 9 films produced domestically during the first 9 months of 1938 by the following three companies: Amauta Films, Ltda., La Productora Peruana, S. A., and Colonial Films. The following are the titles of the films produced by the local companies, with notations as to their financial outcome:

Amauta Films

La Falsa Huella - Success
De Carne Somos - Success
El Miedo a la Vida - Failure
Gallo de mi Galpon - Success
El Guapo del Pueblo - Success
Palomillas del Rimac - Finished but not released to date.

Productora Peruana

El Destino Manda - Failure
Corazon del Criollo - Just released

Colonial Films

El Nino de la Puna - Failure.

Two films, "Mar Bravo" and "El Vertigo de los Condores" are in the process of production and are expected to be released before the end of the year.

Although some improvement has been made during 1938 in local production facilities, the technique employed is not in any way comparable with that of American productions. The majority of the recent domestically made films have been fairly well received by the native public, but the local industry may be said to be still going through an experimental stage of development. The present financial investment in the local motion-picture industry is estimated to be approximately S/170,000 (approximately \$39,400).

There is an objection to American feature films or other foreign films being dubbed in the native Spanish language. However, animated cartoons are acceptable when dubbed in Spanish. The standard presentation of foreign films is in the original language with superimposed titles in Spanish.

The Peruvian Government does not render any financial assistance in the fostering of the domestic motion-picture industry.

The total investment in the local motion-picture industry, including production, distribution, and exhibition, is not available in official form, but figures and estimates given elsewhere in this summary will give an idea of the investment involved.

TAXES -

Taxation is considered high by exhibitors in Lima.

The following are the taxes imposed upon theaters, distributors, and on imports.

Municipal tax: 10 percent of admission tickets.

Municipal license tax: A tax on each performance equivalent to the price of five orchestra seats.

Exhibition tax: This tax is levied on the length of the film, the amount depending on the type of theater, location, etc. First-class cinemas pay 1 centavo per meter; second-class, 1/2 centavo per meter; third-class, 1/4 centavo per meter. This tax is imposed on the first performance only of each film at each individual theater at which it is shown. To illustrate, if a picture is scheduled to run 5 days at one theater, the tax is collected only on the initial performance of the run.

Mother-Day tax: An additional tax of 10 percent is levied on all admission tickets above 50 centavos on the first Sunday of May, for the benefit of the poor.

Christmas-season tax: As authorized by Law No. 8159 of December 20, 1935, an additional tax of 10 percent is levied on each ticket sold between December 5 and January 5 of each year, for the benefit of poor children.

Censorship tax: Four centavos per meter on all sound films and 2 centavos per meter on silent films.

Import Duties: Cinematograph films, printed and sound, 12 soles per legal kilogram.

American branch distributing offices established in Peru are obliged to pay the following Government taxes which are imposed subsequent to their initial establishment in the country:

1. Annual "patente" or annual license tax charged on a fixed and classified basis of assessment (never exceeds S/1,000).
2. Seven percent of net profits.
3. Tax of 7 percent on net profits remitted by Peruvian branches or agencies or domestic subsidiaries.

THEATERS -

There are approximately 205 theaters in Peru, with a total seating capacity estimated at 108,600. The average admission price is S/0.80 in the Lima-

Callao district and S/0.50 in the Provinces. The native audiences are attracted by good musicals, comedies, thrillers, and dramas featuring well-known stars. Serials are very popular in the neighborhood houses and in the Provinces. Light musicals are not popular, but elaborate musicals are well received. Pictures containing good stories and much action are assured of a box-office success in Peru. Neither the public nor exhibitors manifest any interest in the American program type of film featuring artists of low commercial value, to be shown as a feature attraction.

The gross income of theaters in the Lima-Callao district, which includes the districts of La Victoria, Rimac, Miraflores, Barranco, Chorrillos, Magdalena, and Chosica, during the year 1937, amounted to 5,184,278.10 soles. It is estimated that S/1,555,283 (30 percent of the Lima-Callao income) can be added to this figure to represent the approximate income of the theaters in the Provincial cities and districts of Peru.

The gross income of motion-picture theaters in the Lima-Callao district for the first 9 months of 1938 was 4,547,816.15 soles, as compared with 3,824,113.10 soles during the same period of 1937. Income in the Provinces during the 9 months period of 1938 is estimated to be approximately 1,364,345 soles.

SOUND -

Two hundred and five theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

Of Peru's population, estimated at 6,237,000, approximately 75 percent is composed of uneducated native Indians living in the inland mountain regions of the Republic, practically all of whom can be disregarded by reason of their low purchasing power, when estimating the potential market for 16-mm. and 8-mm. cameras and projectors. However, the population of the Lima-Callao district and vicinity (1931 estimate 431,000), together with the other Peruvian cities of importance, namely, Arequipa, Cuzco, Iquitos, Chiclayo, Trujillo, Talara, Cerro de Pasco, and Oroya, is sufficiently numerous to classify Peru as a fair market for amateur photographic equipment.

The adoption of photography as a sport and a hobby in Peru has been reflected by the steady increase in the importation of cameras and photographic supplies during the past few years.

There are no amateur movie clubs established in Peru, but a film recently made in color of the new Peruvian highway and adjoining countryside has been acclaimed in some international circles as one of the most beautiful natural color films ever to have been taken by an amateur photographer.

The subject of employing motion pictures for school instruction has been under discussion by Government officials for a number of years, but no definite

program under Government direction has materialized to date, with the exception of an occasional film on health care exhibited under the auspices of the Department of Public Health. A private individual in Lima who maintains a constantly renewed stock of 25 to 30 educational films rents these films and projectors from time to time to Government and private schools.

The following are Government officials having under their supervision matters pertaining to education:

General Ernesto Montagne, Minister of Public Education, Lima.
Sr. Baldomero Santa Maria, Director of General Education, Lima.

A list of Peruvian schools, both Government and private, is available in the Bureau of Foreign and Domestic Commerce.

Increased interest in industrial films for propaganda and industrial purposes is stimulating somewhat the sale of 16-mm. projection apparatus.

The Ministry of Public Works has recently adopted the system of employing 16-mm. color photography as a means of visually reporting the progress of the Government's highway-building program.

The popularity of 8-mm. amateur motion-picture equipment is steadily replacing the demand for 16-mm. apparatus among amateur photographers; this fact can be attributed to the lower cost of 8-mm. film.

The market is dominated by the United States in both 16-mm. and 8-mm. cameras and projectors. Zeiss Ikon and Agfa are both represented in the market, but competition is felt only from the latter. Up to the present time German 8-mm. equipment has not been introduced, but it is understood that a German 8-mm. camera is to be put on the market in the near future.

The classes of equipment sold, and percentages, are about as follows:

	<u>Cameras</u>	<u>Projectors</u>
Below \$75.....	50 percent	25 percent
Between \$75 and \$150.....	48 percent	60 percent
Above \$150.....	2 percent	5 percent

No talking 16-mm. projectors are being sold at the present time, but the availability of 16-mm. sound films in the future may create a small demand for this type of equipment.

Amateur cine equipment is imported through one American branch office and the branch of the German Agfa, both established in Lima. The German Zeiss Ikon and various American makes are imported through distributors. There are approximately 100 dealers (10 percent carry stocks of cameras and projectors) and 250 sub-dealers selling photographic goods in Peru. This number includes general importing concerns in the Provincial districts, drug stores, etc.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	3,571,813	\$ 56,583
Negative Sound.....	15,245	\$ 211
1937 - Positive Sound.....	3,225,414	\$ 56,838
Negative Sound.....	10,743	\$ 524

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TRINIDAD

LEGISLATION -

There are no laws prohibiting foreign exchange, or any exchange control in Trinidad. Films made in Great Britain are given a theoretical advantage by a quota law requiring 20 percent of all feature films shown in 1939 to be British, but no attempt is made to enforce the law, and in practice not more than 8 percent are British. Fifty percent of the aggregate footage of news reels must be and are British; such British films are admitted free of duty. The customs tariff for British films is 30 cents per 100 linear feet against 60 cents for films from other sources. No legislation affecting American films adversely is known to be contemplated.

CENSORSHIP -

Figures of the numbers of films reviewed and rejected in 1938 are not yet available. Films showing a predominance of criminal acts, scenes and incidents offensive to religious and social sentiments, scenes of mob violence, excessive shooting scenes, acts of gross brutality, themes and scenes condoning and depicting immorality, and scenes showing activities of gangsters and crooks are forbidden. The British ban on "horror" films has not been applied, as they are not regarded as offensive, but they are passed only for adults. Hospital scenes are regarded as unwholesome. Censorship is especially strict at present against gangster films and scenes of violence.

COMPETITION -

British, and to a very small extent East Indian, films are the only competitors of American films, which comprise at least 92 percent of the feature pictures shown in Trinidad. The predominance of American films is due to their comparative excellence, ease in obtaining, and newness.

COPYRIGHT RELATIONS -

The situation in regard to copyright protection is the same in Trinidad as in England.

PRODUCTION -

There is no domestic production. The language is English, and American films are therefore not "dubbed". Neither are productions in foreign languages required by law to be "dubbed".

TAXES -

Taxation must be described as relatively low. Exhibitors pay an annual license fee of \$96 for each house in Port of Spain, \$48 in San Fernando, and \$24 elsewhere, and a censorship fee of \$1 for each reel of sound film and 12 cents for each additional 100 feet or fraction thereof. There are no taxes on admissions.

THEATERS -

There are as of January 1, 1939, 27 moving-picture houses in Trinidad, with a total seating capacity of about 19,000. Admission prices range from 12 cents to 72 cents, the average being about 24 cents. The most popular films are "action" pictures, particularly westerns, with musical comedies a close second. The yearly gross income of all theaters is estimated at \$250,000.

SOUND -

All 27 theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market at present for educational motion-picture films, and no schools are as yet so equipped, although the education authorities are well disposed toward this means of instruction and some developments may be expected eventually.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	2,438,444	\$ 33,083
Negative Sound.....	1,250	\$ 25
1937 - Positive Sound	2,339,740	\$ 33,721
Negative Sound.....	2,198	\$ 31

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URUGUAY

LEGISLATION -

Control of foreign exchange is in force in Uruguay; allotments of such exchange are made every month by a special commission set up for that purpose.

Special monthly allotments since January 1938 have been sufficient to permit all imports of motion-picture films from the United States, although some difficulty was encountered in August in securing the necessary import permits. There is no restriction on the export of profits, but the foreign exchange would have to be purchased at the "free" rate, which averages one-third higher than the "controlled" rate.

There are no quota laws on films themselves; nor is any legislation in effect which would favor either the importation or exhibition of other films at the expense of American ones.

CENSORSHIP -

There is no censorship as such. Films which offend public decency or the feeling of a friendly nation may be banned or cut by the police, acting on a specific complaint. Action by the police on their own initiative, however, does not take place. The only censorship during the first 9 months of 1938 was the banning by the police of a Spanish film entitled "Corazon de Espana."

All films, however, are examined by a Children's Board (Consejo del Nino) under the Ministry of Public Instruction. Pictures which this board finds unsuited to children are so marked, and theaters may not permit children under 10 years of age to see them.

COMPETITION -

Of the feature motion pictures exhibited in Uruguay, 75 percent are American. The remaining 25 percent is made up of pictures from the following countries, in order of importance: France, Argentina, Great Britain, and Germany.

American films are well received and generally preferred to British productions. Of late, however, a marked improvement in the reception of French pictures has been noticed. In the smaller neighborhood theaters, however, Argentine films are greatly preferred. Argentine pictures are also given their first run in the large theaters, and, although they attract a large attendance, the audience is of a different type from that attending the American ones.

COPYRIGHT RELATIONS -

A new and apparently satisfactory copyright law went into effect on December 27, 1937. It provides for Uruguay's adherence to the Convention of Berne of 1886.

PRODUCTION -

Two feature films were produced in Uruguay during 1938. Both these films are technically poor, were produced under the most unfavorable conditions

imaginable, had small financial backing, and no governmental subsidy. Each of these films was made principally for the self-expression of its respective backer. In the case of one of these productions, "Soltero Soy Feliz," the whole project was considered one of art and self-expression, no salaries whatever being paid. The other film is called "Vocacion" and is being seen by many people out of curiosity and national pride.

There are no local laws concerning "dubbing," the general practice being to show the original film with Spanish subtitles.

TAXES -

The only taxation applied specifically to motion pictures is a 6 percent municipal tax on admissions. The import duty is 52 percent on a fixed valuation of 5 pesos per kilogram, 25 percent of which duty must be paid in gold; this raises the percentage paid in paper currency to about 80 percent. At the current rate of exchange the total duty thus amounts approximately to U.S. \$5.00 per 1,000 feet.

THEATERS -

There are 78 motion-picture theaters in Montevideo, with 45,000 seats. It is difficult to make an estimate for the rest of the country, but about 80 theaters exist, with a total seating capacity of some 20,000; in addition, Sunday showings on an irregular basis are made in small towns for a paid admission.

The average admission price in Montevideo for first-run theaters is 1 peso, or U.S. \$0.40. The average price for second-class theaters in Montevideo and for all theaters outside the capital is 0.35 peso, or U.S. \$0.15. The native audiences which attend the 35-centesimos theaters definitely prefer Argentine or other Spanish-speaking films.

SOUND -

All the 78 theaters in Montevideo are wired for sound, and it is believed that very few outside of Montevideo are without sound equipment.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	3,318,032	\$ 64,933
Negative Sound.....	8,397	\$ 102
1937 - Positive Sound.....	3,393,452	\$ 68,095
Negative Sound.....	11,553	\$ 160

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VENEZUELA

LEGISLATION -

There are no quota or contingent laws, duties, etc., prejudicial to the interests of American films in Venezuela, nor is there any agitation against them. On the contrary, American films are generally preferred by the public.

CENSORSHIP -

There is no national censorship law in Venezuela. The original censoring in Caracas is generally sufficient for subsequent release in the other States of the Republic. As a rule, the censorship is more political than moral, being especially strict as regards communistic propaganda. Very few, if any, films are refused censorship, and distributors frequently voluntarily cut out vulnerable parts of their films.

COMPETITION -

Competition is strongest from Spanish-language films, which have been responsible for the drop, in the past 3 years, from approximately 90 percent to about 45 percent as the figure representing the American share in the total number of films released in the country. Mexican and Argentine films, in the language of the people and usually concerning life in the country (for example, "Alla in el Rancho Grande"), have been most successful in the interior of Venezuela, where a large percentage of the people cannot read the Spanish sub-titles superimposed on American films. American films are recognized for their high quality throughout the country but find their greatest reception in the larger cities such as Caracas and Maracaibo. The only European country to present serious competition at present is France.

COPYRIGHT RELATIONS -

American productions enjoy the same copyright protection in Venezuela as local productions, in the absence of a specific copyright treaty with the United States, and in accordance with the provisions of the 1928 Pan American Code of Private International Law, especially articles 1 and 115 of the latter (Venezuelan Official Gazette, Extraordinary Number of April 9, 1932).

The Venezuelan copyright law (Official Gazette of August 12, 1928) makes provision for the copyrighting of motion pictures along with other "intellectual property." Such copyright is valid for a period of 10 years. The producer or editor must indicate on each copy: the commercial signature of the company; the year of publication; and whether or not registered. For registration, the Registrar of Copyrights must be supplied with the following data: (a) name, calling, and address of soliciting party; (b) nationality of latter; (c) title of the work; (d) class to which it belongs; (e) name, calling, and address of

author or translator; (f) nationality of latter; (g) name, calling, and address of proprietor; (h) nationality of latter; (i) establishment where the impression or reproduction has been made and the procedure employed therefor; (j) place and date of first publication; (k) edition and number of copies; (l) format of the work; (m) size and all other pertinent data for the identification of the work. Five copies must be deposited with the Government.

Article 180 of the same law provides that in copyrighting motion pictures of domestic origin, the registrar of copyrights need only be supplied with (1) names of artists; (2) title of manuscript of play; (3) place and date of production; (4) a copy of the first and last scenes of each of the parts making up the film.

PRODUCTION -

A newly-formed local producing company, "Cinematografia Caracas," made and released one film during 1938, based on middle-class life in Caracas and entitled "El Rompimiento." Dealing with things familiar to its audience, it is reported to have enjoyed considerable success. There are a few small enterprises making occasional travelogues and news reels. The various Ministries of the Government, particularly Public Works, have made and released a number of educational shorts which have been well accepted.

TAXES -

There is a Federal amusement tax based upon the number of seats in the theater. Each State may also impose additional direct admission taxes. In Caracas and the Federal District, where most new pictures are first released, a tax of 10 percent is levied on the value of entrance tickets costing more than 1 bolivar (approximately 31 cents U.S.).

The Venezuelan Customs Tariff Law of 1936 established a duty of Bs. 2.60 (approximately 82 cents U.S.) per gross kilogram (including weight of packing and containers) on printed cinematographic film. Unprinted film must pay Bs. 2.00 (approximately 63 cents U.S.) and projectors and motion-picture accessories Bs. 5.00 (approximately \$1.57 U.S.) per gross kilogram. (Present official exchange rate is Bs. 3.19 per dollar).

THEATERS -

The exact number of theaters throughout the country cannot easily be determined, for in the interior, bull rings and other open-air spaces are used, as well as vacant buildings which may be converted temporarily into "theaters". There are reported to be at present 147 theaters operating on a regular schedule, of which 9 are petroleum-company camps or clubs. In the city of Caracas and immediate environs, there are about 37, and in the Maracaibo district,

about 26 (including 8 oil-company clubs). About 40 percent of the motion-picture revenues are obtained in Caracas and surrounding towns, and the remainder in the interior, parts of which are almost inaccessible during the period of heavy rains. In the dry season, itinerant salesmen frequently go up the Orinoco and into other outlying regions of the country, going from village to village with portable sound equipment and a "repertoire" of Wild Westerns and other "action" pictures -- with remarkable success.

SOUND -

All 147 theaters in Venezuela are either wired for sound or, in the interior, possess portable sound equipment. So far as is known, no silent pictures are shown.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.	4,257,355	\$ 78,573
Negative Sound.	23,904	\$ 319
1937 - Positive Sound.	3,620,238	\$ 74,856
Negative Sound.....	45,286	\$ 734

x x x x

FAR EAST

AFGHANISTAN

LEGISLATION -

The Afghan Government, through the Afghan National Bank, exercises a strict control over foreign exchange and foreign trade. Foreign currencies must be purchased from the bank, which does not sell foreign exchange unless it has a surplus and (in all but a few instances) unless an equivalent amount of Afghan products has been exported to the country concerned.

There are no laws in effect or under consideration giving other countries preference over American films. While there are no formal quota or contingent laws, it is customary to exhibit two pictures in English and one Indian film in Hindustani each week. Every two or three months a Russian picture is also shown.

CENSORSHIP -

Since 1936, more than 100 films have been censored annually by a committee of the Afghan Ministry of Education. It is understood that the Afghan Consul at Bombay periodically submits lists of films offered by the distributors in Bombay, and the Minister of Education at Kabul selects those to be shown in Afghanistan. Only two rejections are reported to have occurred during 1937, one on the ground that it showed Mary, the Mother of Christ, a scene not in accord with Moslem precepts. The reason for the other rejection is unknown.

No censorship agreements have been formed with other countries, and the censorship board is said to be less strict in its rulings than might be expected in a devoutly Mohammedan country. Films dealing with political problems and revolutions, and scenes in which nudity and immorality occur or which are distinctly opposed to Moslem law and custom, would meet with difficulty in obtaining the approval of the board of censors.

COMPETITION-

Indian films in the vernacular are the largest competitors of American films, and are reported to have about 25 percent of the market. Some 65 percent of all pictures exhibited are said to be American, and the remaining 10 percent are English. Four or five Russian pictures are shown each year, but no German, Italian, or French pictures have so far been exhibited.

Since American films are not "dubbed" and do not have subtitles, to be popular they must have a story easily followed from the action portrayed. Where music is stressed, Indian films are preferred, since Indian music and ideas of melody are similar to Afghan.

COPYRIGHT RELATIONS -

There are no laws in Afghanistan, so far as known, to protect copyrights and foreign producers from piracy.

PRODUCTION -

There is no domestic industry in Afghanistan for producing or "dubbing" motion pictures, nor is there any requirement that pictures be "dubbed" before exhibition. The principal languages are Persian and Pushtu, both understood by an Afghan audience, which is, however, said to prefer films in Persian, whereas it is reported that the Government would prefer to have any films that may be "dubbed" made in Pushtu.

The Government owns the only motion-picture theater in Afghanistan, that at Kabul, which is operated by the Ministry of Education. It is rumored however, that the Government intends to establish in the near future a second theater in Kabul and nine more throughout the country - one in each of the Provinces.

TAXES -

According to the best information available, there are no taxes on theaters or exhibitors, and no import duties are assessed on films brought into the country.

THEATERS -

The sole cinema now operating in Afghanistan is in Kabul, and it has a seating capacity of 700. One morning and one afternoon performance is given daily (including Friday). Prices of admission are 1, 2, or 3 Afghanis (10, 20, or 30 cents) for orchestra seats and 5, or 10 Afghanis (\$0.50 or \$1) for balcony seats.

No information is to be had concerning the annual gross income of this theater, except that it is reported to have gross receipts of 1,200 Afghanis (\$120) if the house is entirely sold out.

The types of motion pictures which find most favor are said to be historical and action films in which the dialogue is relatively unimportant.

SOUND -

The theater in Kabul is understood to have German sound equipment. At the Royal Palace in Kabul there is a Philips installation.

If the report of 10 new theaters to be established in Afghanistan is correct, there would appear to be a potential market for American sound equipment. The Afghan Ministry of Education at Kabul would probably be the proper source to which inquiries should be directed.

EDUCATIONAL FILM DEVELOPMENTS -

The Art School at Kabul, which has an enrollment of some 1400 students, is reported to use a few films for educational purposes. The Afghan Ministry of Education is also understood to be quite interested in pictures of this type and willing to receive lists and samples of available films. Last year, it apparently used several of these films which were made in India by the Red Cross.

* * *

AUSTRALIA

LEGISLATION -

There is no law in Australia which prohibits foreign exchange, but under the existing tariff British films are imported into Australia duty-free while films from all other sources are subject to high tariff rates.

The only Federal laws affecting American films are those under which a rejection of 2½ percent on American films for the purpose of substituting Australian productions is permitted. This rejection right does not apply to British films. Similarly under the laws governing contracts between distributor and exhibitor, 12½ percent of non-British films may be rejected on each contract, and this likewise does not apply to British product.

The only other important laws affecting films specifically are quota laws existing in the States of New South Wales and Victoria.

Under contemplation at present are changes in the existing laws in New South Wales and Victoria, and also new legislation in the State of South Australia. It is also rumored that some legislation is being considered in Tasmania. None of this legislation is as yet in form for submission, but the numerous suggestions in connection therewith include, variously standardization of contracts, embodying 25 percent rejection allowances, restriction of new theater building, prohibition of exhibition by the distributing company, and, in New South Wales, imposition on imported films to subsidize Australian producers. Should these laws be passed in the present suggested form or in some similar form, it would undoubtedly have the effect of reducing the share of business at present enjoyed by American companies in this market.

The quota acts at present in force in Victoria and New South Wales require that a percentage of Australian films be screened if available.

CENSORSHIP -

The Commonwealth Film Censorship, during the calendar year 1937, dealt with 1,712 standard films of all classes. Of these 1,538 were passed without eliminations, 157 passed with eliminations, and 17 rejected on first viewing.

Of the 17 films rejected on first viewing, 7 were passed after appeal or reconstruction, 5 were rejected entirely after appeal, and, in the case of the remaining 5, no appeal was made against the original rejection. Information concerning nationality of rejected films is available only as regards feature films. Of these, 8 final rejections were made, of which 4 were American, constituting 1 percent of total submissions, and 4 were from the United Kingdom, constituting 3.8 percent of total submissions. No information is available as to the specific grounds upon which these films were rejected, but it is stated that they offended against item (A), (B), or (E), under the censorship regulations, which refused to pass for exhibition any film which:

- (a) is blasphemous, indecent or obscene;
- (b) is likely to be injurious to morality, or to encourage or incite to crime;
- (c) is likely to be offensive to the people of any friendly nation;
- (d) is likely to be offensive to the people of the British Empire;
- (e) depicts any matter, the exhibition of which is undesirable in the public interest.

Australian censorship is strict, but the trade does not consider it unreasonable so.

No censorship agreements have been formulated between Australia and other countries to bar objectionable films on protest between the countries. Australia will be a party to anything of a general nature which develops at Geneva, and it is safe to assume that whenever representations are made by a friendly country, the Government of Australia would give most earnest consideration to such requests.

COMPETITION -

Only 8 films were produced in Australia during 1938, and the chief competition encountered by American films was from the product of British industry. Of the 1,712 films examined by the censors during 1937, 1,152, or approximately 67.3 percent, were of American origin; 459, or approximately 26.8 percent, came from the United Kingdom; and 101, or approximately 5.9 percent, came from other countries. American films are very well received in Australia and are preferred to the local productions.

COPYRIGHT RELATIONS -

The laws of Australia give full protection to copyrights, and there is little, if any, record of trouble in connection with piracy of films.

PRODUCTION -

Only 8 feature films were produced in Australia during 1938, all of these being made by Cinesound Productions, Ltd. Cinesound recently announced a scheme for the production of 40 feature films during the coming year at a cost

of approximately £200,000 Australian. Production facilities are not adequate, the studios being considered to be inadequately financed for big-scale production. Furthermore, technique is far inferior to that of American films, and the supply of experienced directors, and even actors, is inadequate.

The predominant language of the country is English, and "dubbing" is therefore unnecessary. Other than English-language films to be shown in Australia would have to be "dubbed" before exhibition.

At present the Government does not subsidize the production of Australian films, but there is a suggestion that the government of New South Wales may introduce legislation providing for some means of financial assistance to the local industry. Local production is assisted by the quota acts to the extent previously mentioned. It is difficult to obtain information concerning the amount of money at present invested in the industry in Australia, but estimates place the amount at about £30,000,000 sterling.

TAXES -

Taxation is considered high, being imposed by the Commonwealth Government as well as by the six individual States. Commonwealth Government taxes fall on the distributors under the headings of "tariff," "sales tax," "income tax," "special tax," and, in cases where buildings are owned, "land tax." Exhibitors pay Commonwealth taxes under the headings of "income tax," "special tax," and "land tax." State Government taxes against distributors include "income tax," "special tax," and "municipal rates," while exhibitors pay "income tax," "special tax," "municipal rates," "amusement tax," and "license fees."

Feature films from the United Kingdom are duty-free, but those of other origin are dutiable at 8 pence (about \$0.16) per foot. Because of this duty, only negatives are imported from the United States, and copies are made in Australia. There is no tax on theater tickets in Queensland, but each of the other 5 States has such a tax. In New South Wales (the most important State) the tax ranges from $\frac{1}{2}$ pence (\$0.01) on tickets from 1 shilling 6 $\frac{1}{2}$ pence (\$0.30) to 1 shilling 11 $\frac{1}{2}$ pence (\$0.39), to 5 pence (\$0.10) on tickets priced at 6 shillings (\$1.25). The tax is higher in other States.

THEATERS -

At the end of 1938, there were 1,371 theaters in Australia, plus a number of touring shows. The total seating capacity was approximately 1,100,000.

The average admission prices for first-run theaters (evenings) are from 1 shilling 6 pence to 5 shillings 10 pence (\$0.30 to \$1.16); for other theaters, from 1 shilling to 2 shillings 6 pence (\$0.20 to \$0.50). American and Australian tastes are very similar with regard to pictures. The musical comedy is one of the most popular types. There is no official figure or trade estimate of the gross income of theaters.

Audience preferences vary with the location of the theater. Generally in the urban theaters, with an audience drawn from all classes practically all subjects are well received. In districts where one class predominates, preferences are naturally to be found, but as a rule the general run of films are appreciated throughout.

SOUND -

All of the 1,371 theaters in Australia are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

There is a small market for the sale of educational motion-picture films and equipment, but so far the 16-mm. equipment is not in general use in the schools and colleges for teaching purposes. One or two large firms have installations purely for trade demonstration purposes. A movement among some of the churches to install 16-mm. equipment and accumulate libraries of films is reported.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	5,019,040	\$123,160
Negative Sound.....	899,804	\$ 22,487
1937 - Positive Sound.....	4,632,378	\$116,783
Negative Sound.....	1,099,799	\$ 32,451

* * *

BRITISH MALAYA

LEGISLATION -

There are no laws in British Malaya prohibiting foreign exchange, nor are there any regulations or laws in British Malaya which give preference to motion-picture films from any country.

There are no quota or contingent laws in effect, none are contemplated, and it is unlikely that legislation will be enacted in British Malaya which would either reduce or prevent distribution of American motion pictures.

CENSORSHIP -

During the first 8 months of 1938, the Official Censor of Cinematograph Films in the Straits Settlements, Federated Malay States, and Johore censored

1,795 films and rejected 38. Out of the 38 films rejected, 22 were American films - or 57.8 percent of the total. The grounds on which the American films were rejected were gun play, murder, robbery with guns, racketeering, riots and prison escape, and massacre of people.

Censorship during the past year has shown a slight relaxation, but nevertheless it is still considered very strict.

The Censorship Ordinance is framed in such a manner that the Official Censor has considerable latitude. The censor attempts to interpret the effect that a film will have on a native audience, and he eliminates any scenes that might give them the wrong impression of Europeans. Gun play, prolonged drinking scenes, or other conduct which might be considered as lowering to the prestige of Europeans is eliminated from any film before it can be shown. Distributors believe that the censor does not take into consideration the growing sophistication of native audiences.

There is considerable inconsistency regarding the cutting of gun-play scenes. Films that can be considered historical or costume plays are not cut to the same extent as films which have a modern theme. Western films are almost invariably cut to the extent that their entertainment value is damaged if not entirely destroyed.

No censorship agreements have been formulated with other countries to bar films which are considered objectionable, on protest by a friendly country and vice versa. The local censor does exchange views and furnish details of censorship decisions to countries within the British Empire and mandated territories under British supervision. This exchange of views is reciprocal.

1. Censoring fees for censoring original cinematograph films:

- | | |
|-------------------------------------|----------------------------|
| (a) When the projection of the film | for every 100 ft. or part |
| is accompanied by sound..... | \$1.20 of 100 ft. of film. |
| (b) In other cases..... | .60 - do - |

2. For censoring copies of original cinematograph films:

- | | |
|--|------------|
| (a) When the projection of the film is | |
| accompanied by sound..... | .30 - do - |
| (b) In other cases..... | .20 - do - |

3. Upon appeal without the approval of the censor.....

1.00

and unless the committee declares that the appeal has been substantially successful a

further fee of.....	10.00	per reel up to 5 reels and
	5.00	per reel thereafter.

4. Upon appeal with the approval of the censor 1.00 and unless the Committee declares that the appeal has been substantially successful a further fee of 10.00 per reel thereafter.

COMPETITION -

The large majority of the films shown in British Malaya are produced in the United States. British producers are the only competitors that distribute films that are in the same category as American. The outlet for British films is in the cities where the majority of Europeans, who are British, live. Asiatic audiences prefer American films because of their action. Indirect competitors of American films are Indian and Chinese films. Competition is referred to as being indirect for the reason that such films play to a field of their own and do not directly clash with American films. There are a large number of small theaters which exhibit only Indian and Chinese films. In the theaters in which such are shown there is a large following for Indian films in which the dialogue is in Tamil and to a lesser degree Hindustani. Chinese films are very popular and have a substantial following.

Distributors estimate that between 65 and 70 percent of the films shown in British Malaya are American.

COPYRIGHT RELATIONS -

There is ample protection for copyrights in British Malaya, and producers secure the same protection as they do in the United Kingdom. It is only necessary for the owner of the copyright to declare ownership in the local newspapers or in Government Gazettes to secure full government protection under the Merchants Marks Act. New legislation has been enacted and is expected to be placed in force as of January 1, 1939, providing for trade-mark and copyright registration.

PRODUCTION -

There were no feature films produced in British Malaya during 1938.

Malayan Films, Inc., which was organized in 1937, has produced about 10 news reels in British Malaya, some of which were distributed in the United States and Europe. This firm has also produced several commercial films for private interests. The Malayan Films, Inc., has a very modern air-conditioned laboratory and sufficient camera equipment to film any subject. It is a small company and has sufficient finances to produce any film which the owners intend to make at the present time. The firm is managed by an American technical expert who is well known in the film industry in the United States.

Malayan Films is now producing a Malay feature film which has the tentative title of "Chandu." (Chandu is the name of prepared opium which is manufactured and distributed under Government supervision). The main feature of this story

is a combination detective and opium-smuggling action picture produced in the Malay language. The distribution will be confined to the Netherlands Indies and Malaya.

American films are not dubbed in native language, but there would be no official objection to dubbing. Distributors state that it has not been necessary or advisable to dub films for local distribution, as the country is multilingual.

Dubbing in Malay would be of doubtful value. The language in its original form is written in Arabo Persian characters but used to a large extent in Romanized form. The Malays who are capable of reading the language in Romanized form have sufficient knowledge of English to make dubbing unnecessary.

The local government does not subsidize or render assistance in any manner in fostering the domestic motion-picture industry, and it is unlikely that it will do so.

The total investment in equipment by the local producing company is estimated at about S\$100,000. All the equipment is American made.

The investment from the standpoint of distribution and exhibition is considered substantial, but there are no accurate figures available. The leading American film producers maintain offices in Singapore, employing one or two Europeans and fairly large native staffs.

TAXES -

There is no direct taxation on films in British Malaya. Police departments assess a performance tax based on seating capacity as follows:

Seating capacity less than 200 people	S\$2.00 each performance.
Seating capacity not less than 299 people	3.00 each performance.
Seating capacity not more than 399 people	4.00 each performance.
Seating capacity of over 400 people	5.00 each performance.

In Singapore there is a performance license fee of S\$7.50 per day when only night shows are given and S\$10.00 a day for night and matinee shows. Films are not subjected to a distributor's tax, nor are there any import duties assessed.

THEATERS -

From the standpoint of the distribution of American films, there are 97 theaters in the Straits Settlements, Federated Malay States, Un-Federated Malay States, Sarawak, and Borneo.

Information on the total seating capacity is not available.

Admission prices in British Malaya range between 25 cents (Straits) and \$2.00 in theaters where American pictures are exhibited. There are between three and five price classifications in most theaters where American films are shown.

The average income of the theater going public in British Malaya during the first 10 months of 1938 has been considerably lower than during the previous year. Wages have been decreased, and the unemployment situation has reached serious proportions owing to the decreased prices and permissible exports of tin and rubber, and lack of demand in world markets for tropical produce upon which the majority of the people depend.

During the year 1938 several new theaters were opened and four new ones are under construction. Improvements have been made in the theaters in Singapore, where one theater has been air-conditioned.

One of the most important developments from the standpoint of distribution of American pictures in Singapore has been the break-up of the monopoly which controls distribution in Singapore. One of the oldest theaters in Singapore was purchased by a Chinese group, and another one is under construction. When the latter is completed, distributors will have a better chance to have some say in the methods of how their pictures are to be exhibited.

The most popular films with the local audience are spectacular films showing considerable action. Action, mystery, Western, and obvious comedy films (not dealing with European social customs, but comedy of the rollicking variety) are the most popular. Musical films, especially those with Mexican, South American, and South Sea Island music, are very popular. The audiences may be divided into two sections - first the Europeans, Eurasians, and the partially Westernized Chinese, the second division being the bulk of the Chinese, Malays, and other domiciled people. Usually a film which appeals strongly to one section does not draw large houses from the other section, the tastes of each section being sharply defined. A large majority of the theatergoing public do not patronize dramas dealing with European domestic relations.

It is not possible to estimate accurately the yearly gross income of the theaters. The Registrar of Companies does not require companies to report their income. Only a small portion of the films exhibited in British Malaya are played on a percentage basis. The rental of films in many cases is a set amount, and no details of gross admission are supplied by the theater proprietor to the distributor.

SOUND -

There are 83 theaters in the Straits Settlements, Federated Malay States, un-Federated Malay States, Sarawak, and Borneo which are wired for sound and are used to exhibit American pictures.

About the only demand for new sound equipment will be for the new theaters which are now under construction and for replacement parts. The better-known manufacturers of sound equipment have agents or manufacturers' representatives in Singapore who are constantly on the alert for new business.

EDUCATIONAL FILM DEVELOPMENTS -

There is practically no market in British Malaya for 16-mm. educational motion pictures and equipment, as the education authorities have not yet used visual education extensively. There are three colleges which have their own standard equipment which use films of the amusement type rather than those dealing with educational subjects.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	2,991,835	\$ 54,341
Negative Sound.....	3,000	\$ 286
1937 - Positive Sound.....	3,135,290	\$ 65,417
Negative Sound.....	25,301	\$ 905

* * *

CEYLON

LEGISLATION -

There are no quota or other restrictions affecting the importation of films into Ceylon other than the preferential import duty, which is two-thirds of 1 Ceylon cent per foot for films of British origin and 1 cent for films of foreign origin.

CENSORSHIP -

According to municipal by-laws, the censorship of all public performances is vested in the Municipal Chairman who is assisted by the police, and actually the police do practically all of the censoring. The managers of the theaters are required to send to the police a synopsis of every film 3 days before it is to be exhibited. The police either pass the film (with or without excisions) or report it to the Municipal Chairman as containing undesirable features. On receiving such a report, the chairman orders a private view of the picture at which he is assisted by the police and others. After they have seen the film, it is either released in its entirety, released with the excision of certain parts, or its showing is prohibited altogether.

Films that have been banned by certain authorities like the British, the Bengal or the Bombay Board of Film Censors are banned in advance by the chairman and are not imported at all.

COMPETITION -

British films are the largest competitors of American films. About 60 percent of the films shown in Ceylon are of American manufacture.

American films are well received in Ceylon, but there is not as much preference for them as some years ago, inasmuch as the quality of British films seems to be steadily improving.

COPYRIGHT RELATIONS -

No copyright protection is required in Ceylon.

PRODUCTION -

No motion-picture films are produced locally, and practically all films shown in Ceylon are imported via India. However, there is a local firm which contemplates producing sound films in the Singhalese language. It is understood that up-to-date studio equipment has already been ordered from the United States.

TAXES -

The taxation of the motion-picture industry in Ceylon consists of: A tax on net income; an import duty of two-thirds of 1 rupee cent per foot in the case of films of British origin and 1 rupee cent per foot for films of foreign origin; an annual license fee (payable to the Municipal Council), which is based on the seating accommodation of each theater, the chargeable fees being as follows:

Seating accommodations for 500 persons or more.....	Rs. 500.00
Seating accommodations for 200 persons or more.....	Rs. 250.00
Seating accommodations for less than 200 persons.....	Rs. 125.00

An annual tax of 20 percent of the rental value of the property to the Colombo Municipality; an annual fixed sum of money to the Performing Rights Society, Ltd., for the music played (this tax amounts to the proceeds from the sale of all seats in the theater for one performance).

THEATERS -

The only development of any importance to the motion-picture industry in Ceylon during 1938 has been the acquisition of a controlling interest by the Ceylon Theaters, Ltd., of all the theaters in Ceylon, with the exception of two, thus bringing the total number of theaters operated by this concern to 17, all of which are equipped with sound apparatus.

At the present time, there are 19 motion-picture theaters in Ceylon, all of which are equipped with sound apparatus, and all of these, with the exception of a small theater in an outstation, exhibit pictures regularly.

The total seating capacity of these theaters is estimated at 11,970, and the average price of admission is Rs. 2.50 (\$0.92) for balcony seats and Rs. 1.00 (\$0.37) for orchestra seats.

English-speaking Ceylonese prefer American or British films, but non-English-speaking Ceylonese attend only films in the vernacular, the majority of which are made in India.

The estimated yearly gross income is Rs. 800,000.

SOUND -

All 19 theaters in Ceylon are equipped with sound.

EDUCATIONAL FILM DEVELOPMENTS -

A resolution of the Ceylonese State Council exempts from duty cinematograph films, including sound reproductions complementary thereto, or developed negative or positive sound tracks which have been certified as falling under specified classes of educational films. This duty-free entry of educational films is in line with the International Convention of 1933 for Facilitating the International Circulation of Films of an Educational Character.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	7,465	\$ 409
Negative Sound.....	---	\$ ---
1937 - Positive Sound.....	---	\$ ---
Negative Sound	---	\$ ---

* * *

CHINA

LEGISLATION -

Drastic changes occurred during 1938 in regard to the manner and conditions under which foreign exchange could be obtained in China, particularly if such exchange was for remittance abroad. Prior to March 14, 1938, there were no regulations of an emergency nature affecting foreign exchange in areas under the control of the Chinese National Government. However, in order to protect its foreign-currency reserves from being drained and to counteract the adverse effects of the institution in North China of the Japanese-sponsored "Federal Reserve Bank," which began to issue notes to replace Chinese legal-tender notes, the Chinese National Government on March 14, 1938, some 8 months after the commencement of the Sino-Japanese hostilities, introduced a foreign-exchange allotment system. Weekly allotments (at an

officially maintained rate of 1 Chinese dollar equals U. S. \$0.295) were made through applicant foreign-exchange banks, though the percentage available was never more than 30 percent of the amount requested. Early in May, it became apparent that these weekly allotments were being made upon an indeterminate "luxury" and "non-luxury" basis, though no official announcement as to what commodities were considered essential was available. During that month, several items, among them imported motion picture films and photographic materials, were excluded entirely from receiving further allotments at the officially maintained rate. This situation resulted in creating an open money market into which all film distributors and importers handling "non-preferred" commodities, as well as importers still receiving some amounts at the official rate, were forced to enter in order to obtain cover for their entire or additional foreign-currency requirements. By June 13, the spread between the official rate and open market rates had reached 45 percent; during October it had advanced to nearly 50 percent.

In the Japanese-occupied areas of North China such as Peiping, Tientsin, and Tsingtao, the convertibility of existing notes and coins into foreign exchange is now regulated by or dependent upon the particular currency at hand. On March 10, 1938, the Japanese-sponsored "Federal Reserve Bank" was inaugurated at Peiping. It immediately forced into circulation a note issue, having no concrete or accessible backing, for the express purpose of retiring Chinese legal-tender notes and the Provincial bank notes circulating in North China in exchange for its own notes; also to place this new currency within the framework of the "yen bloc" or on a par with the yen and Manchurian yuan, thereby affording Japan a favorable position in regard to control over North China's imports and exports.

However, branches of foreign banks functioning in North China accept these new "FRB" notes for deposit in separate accounts only and (except for conversion into yen, which are at par with the new issue) such banks - including the "Federal Reserve Bank" - decline to accept "FRB" notes in payment for foreign exchange. On the other hand, Chinese legal-tender notes and coins, though steadily diminishing in circulation, are in popular demand, and represent the only currency in North China convertible into foreign exchange at foreign banks.

The "Federal" notes when first issued were at a discount of 3 percent to 4 percent in exchange for Chinese legal-tender notes, the discount rising to a high of 8 percent or 10 percent - much to the consternation of the Japanese. However, toward the end of the year the discount had dropped to around 1 percent, the decline being attributed in part to temporarily shaken confidence in the yuan, as a result of political situations, rather than to faith in the new currency.

On June 10, 1938, the "Provisional Government of China" (Japanese-sponsored) prohibited Chinese Central Government Banks from placing more of their notes in circulation in North China and, on August 8, further decreed that Chinese national currency was thereafter to be accepted only at a discount of 10 percent. This decree, however, has so far proven abortive. The eventual ascendancy of the "FRB" notes, however, is not improbable, as payment for all import

duties, taxes, and all public services in the Peiping, Tientsin, Tsingtao area is now required to be in "Federal Reserve" notes or yen. Should it be for the purchase of other than war supplies, the exchange of yen for foreign currencies subject to the same rigid control in North China as is enforced in Japan. Only negligible amounts (issued by permit) may possibly be obtained for ordinary commercial purposes.

The Mukden motion-picture law, promulgated on October 7, 1937, remains in effect throughout Manchuria. This legislation, directly sponsored by the Japanese, gave the Manchuria Motion-Picture Association, a State company, complete monopoly rights for the importation, exportation, manufacture, and distribution of all motion-picture films in Manchuria. American companies announced that they would not distribute through a State monopoly. This decision continued to be observed throughout 1938. It is believed the formation of this State monopoly has not proven beneficial to Manchurian exhibitors nor has it brought the results anticipated by the Japanese. It is not improbable that, in time, some arrangement may be forthcoming whereby American films will reenter the Manchurian market subject to no monopolistic jurisdiction, but upon an agreement whereby net profits will be deposited in a designated Japanese bank in the United States and held in a yen account (the Manchurian yuan is on a par with the yen) for a period of time before it can be exchanged into United States dollars. This plan has now been applied to American films exhibited in Japan where present emergency restrictions have greatly reduced the number of films permitted to enter the country.

During 1938 there were no laws in China that required a percentage of the domestic films produced to be shown on each theater program. In 1936 such a plan was contemplated by Chinese authorities and even put into execution (experimental) at several theaters in Shanghai and other cities. The plan envisaged the exhibition of one Chinese film each week, either feature or news reel, in all first-run theaters showing foreign films exclusively (as well as in Chinese theaters showing either foreign or Chinese pictures.) However, the idea was soon scrapped, as it was found impractical because of the small number of Chinese films available and the inability of Chinese producers to increase production sufficiently to meet such demands.

During 1938, there were no laws in effect that gave other countries preference over American films, nor were any quota or contingent laws enforced during the period. In areas now under Japanese military occupation the situation regarding possible regulations affecting the distribution of non-Japanese motion pictures is difficult to ascertain, but present trends indicate an unpromising outlook if these areas should ultimately be subject to Japanese economic control.

As a result of the Japanese occupation of Canton and Hankow in October, the present status of enforcement of two recently announced governmental or

semigovernmental regulations, which might, if enforced, have proven detrimental to the distribution of American or other imported films in South China, now remains uncertain owing to the withdrawal of Chinese governmental agencies from those areas and their probable isolation from direct contact with third countries insofar as the handling of motion-picture administrative matters is concerned. The two regulations referred to are: (1) Formal cessation on August 1 of the official duties of the Central Film Censorship Board's representatives in Shanghai, the dissolution of this Board (formerly of Nanking) and the formation and institution in Canton of an "Extraordinary Film-Censorship Board" for the censorship of imported and domestic films; (2) the payment of an import duty at Canton in addition to the regular import duty paid at Shanghai. Another regulation, which, if eventually enforced, will adversely affect the distribution of American films in China (and Hong Kong) is the announcement of August 26, 1938, by the Inspectorate General of Customs, Shanghai, that henceforth the privilege of duty-free reimportation into China would be accorded only to duty-paid foreign motion pictures provided reimportation took place within 1 year from the date of original importation, except in cases where reasons acceptable to the Customs were advanced in writing for extending this time limit. If acceptable, an extension not exceeding 6 months might be granted. With this regulation in effect, a film playing Hong Kong any time after 1 year (or possibly 1½ years) from the date of its original entry into China, would, upon the return of the film to the home office in Shanghai, be required to pay another import duty at the rate of a second print. Should this film be sent from Hong Kong to China ports other than Shanghai, this second import duty would be collected at the port of entry. As a result of representations made by the Film Board of Trade (China) (8 major American distributors) and United States Government officials, the Customs announced that the enforcement of this regulation would be kept in abeyance for 1 year from the date of its original advisement (August 26, 1938).

CENSORSHIP -

Because of the fact that the Chinese National Government's Central Film Censorship Board ceased functioning in Shanghai on August 1, 1938, official statistics concerning the number of films censored during 1938 cannot be obtained. However, during the period from January to September, inclusive, the Film Board of Trade (China), an organization representing the eight major American film companies in China, imported and submitted for censorship 180 features, while some 60 more will be imported and censored during the remaining 3 months period, bringing the 1938 total to approximately 240 features as compared with 255 censored in 1937.

During January-September, inclusive, 199 American short subjects were imported and submitted for censorship; about 65 more are expected during the remaining 3-months period, making a total for the year of approximately 264 as compared with the high figure of 431 censored during 1937.

A total of 81 American news reels were imported and censored during the January-September period, while some 40 more are expected during the remainder of the year, thus bringing the 1938 total to approximately 121 news reels as compared with the high figure of 169 censored during 1937.

Owing to the dissolution of the Central Film Censorship Board on August 1, official statistics on the number of non-American films submitted for censorship during 1938 are not obtainable under existing conditions. The number is known, however, to be even less than was imported and submitted to the Chinese censor authorities during the comparable January-June period in 1937 and in all probability will continue at a lower level during the remainder of the year. During 1937 approximately 52 Chinese, 9 Russian, 6 British, and 7 German feature films were licensed by the Chinese censor authorities, while the number of non-American shorts and news reels was negligible.

According to the Film Board of Trade (China), of all American motion pictures imported and released during the first 9 months of 1938, only one American film was banned and that restriction was imposed by the French Concession censors who work in conjunction with the Shanghai Municipal Council censors of the International Settlement. The film was banned for exhibition in Shanghai due to scenes of "cruelty to mankind" and to the reported objectionable treatment and characterization of French colonial prison officials. During the first 7 months of 1938, the Chinese censors functioning in Shanghai passed all films submitted for censorship and also passed some 10 American features remanded in past years. No American news reels containing shots of the present Sino-Japanese conflict have been shown publicly in Shanghai.

Censorship in China is usually exceedingly strict, particularly regarding story plots or characterizations considered derogatory to the Chinese people or nation. However, prior to the commencement of the present hostilities, it was manifest that a more liberal attitude to routine business matters was being maintained by the Chinese Censor Board, whereas in the past the prompt inspection of imported films and matters pertaining thereto were frequently hampered by petty red tape. Upon the disbandment of the Central Film Censorship Board's representatives in Shanghai, an "Extraordinary Film Censorship Board" was instituted at Canton on August 1, 1938. While this newly formed organization is now believed inoperative, owing to the occupation of Canton by Japanese forces on October 21, the Board announced some months prior to the city's fall that special attention would be paid to the banning of pictures considered to be anti-war, licentious, reactionary, or detrimental to resistance against invasion or to national unity.

There have been no written agreements formulated between China and other countries to bar films which are regarded as objectionable, on protest by a friendly country. However, during early 1937 press accounts stated that China and Italy had verbally agreed to prohibit the display in either country of films offensive to the other. This action was believed the sequel to the exhibition in Shanghai of a Soviet film dealing with the Italo-Abyssinian war, which film was withdrawn after a brief showing, upon the protest of Italian authorities. Chinese authorities soon after announced that this agreement was based solely on a reciprocal and equal basis and that it was not confined to one or more countries alone. It was further stated that such an understanding was regulated entirely by the content of the motion pictures, and that whatever action might be taken would in no way be influenced by the political beliefs of different countries.

COMPETITION -

American motion pictures during 1938 comprised approximately 85 percent of all films imported into China, as compared with approximately 80 percent in 1937 and 82 percent in 1936. Although the actual number declined somewhat as compared with 1937 totals, the number of non-American pictures exhibited (including Chinese films) is believed to have declined more sharply as compared with 1937 and 1936 figures. No foreign films gave evidence of any increased amounts of competition with the American product during the year; rather the opposite could be said to be true. Of total non-American film imports, British pictures and to some degree Russian productions may be considered as representing the nearest competitors to American films. This competition, however, is of small commercial importance as compared with the established popularity of American pictures in the China market. The reputation and effort of the major American motion-picture concerns' China representatives have also helped in no small way to maintain the popularity of American films in this field. For those who attend motion pictures regularly, American films are unquestionably preferred by both the Chinese and other nationalities to either European or Chinese-made films. The total number of feature films produced annually by Chinese studios is so small and in some instances so poor in quality and entertainment value that steady or sustained box-office receipts over an appreciable length of time cannot be maintained.

COPYRIGHT RELATIONS -

It is believed that the existing Chinese Copyright Law would not insure or protect foreign producers from infringements or piracy. Presumably the treaty of 1903 between the United States and China provides for reciprocal copyright privileges, but actually, as it would apply to motion pictures, this law is believed by some legal authorities to afford little or no protection should foreign producers endeavor to prosecute infringers under its penal clauses. A favorable judgment for foreign producers would probably be defeated in that the interpretation of this law and its enforcement seems to hinge on the fact that the only time protection can be afforded is under circumstances when an infringement has been made on something which is "especially for the use of the Chinese." If an infringement has been made on something which is not of especial use for the Chinese, past prosecutions have not generally been accorded favorable verdicts.

PRODUCTION -

Owing to the hostilities, complete statistics on the production of motion pictures in China during 1938 are not available. Prior to the Japanese occupation of Hankow in October, the studio maintained by the Political Training Board of the National Military Council in the Hankow area produced such pictures as would further national propaganda during times of emergency. The number of films produced by this governmental agency is not known. The organization still continues to function, with Chungking (in Szechwan) as its new headquarters. Toward the end of September 1937, the Central Studio in Nanking, a governmental organization under the direction of the Central Kuomintang Head-

quarters, was closed and its equipment, including American-made sound apparatus and cameras, was removed directly to Chungking. Operations were resumed during December of that year. Since that time and up to the end of October 1938, it is believed this studio has produced not less than 6 features, 4 news reels, 10 cartoons, and several shorts, all of which have been made for the purpose of stimulating national patriotism and resistance.

In Shanghai, center of China's film industry prior to the hostilities, 3 studios operated irregularly during 1938, producing up to mid-October approximately 16 features (non-propaganda) while 11 more are expected to be finished before the end of the year.

The studios producing these possible 27 features are as follows:

<u>Name</u>	<u>Completed by Mid October</u>	<u>To be completed during Oct.-Dec</u>
Hsin Hwa Motion Picture Co.....	10	6
*Star Motion Picture Co.....	3	3
Kwang Ming Co.....	1	2
Hwa Sing Co. (made for Hwa Sing by Hsin Hwa Studio).....	2	-
	<u> </u>	<u> </u>
Total.....	16	11

Production in Canton during 1938 is believed negligible as compared with pre-hostility levels, owing to intermittent air raids and the occupation of the city by Japanese forces during October.

Facilities for the production of motion pictures in China are not adequate even in the best of studios. This is particularly true of the sound equipment in use, as well as in the seemingly haphazard methods employed by the Chinese in the processing of film and other laboratory work. There are no studios in China equipped with what could be considered permanent or stationary sound recording systems such as are found in American studios. nor are any optical printers in use such as are necessary for the making of proper mechanical dissolves and other special-effects work. The use of transparencies has not yet been adopted by Chinese producers. For sound recording, inexpensive portable units of American make are generally used and often remain in service long after their normal period of efficiency has expired. Overhauls made by local technicians with the addition of Chinese-made parts may continue until the appa-

* The Star Motion Picture Co., formerly one of the leading film companies in China, met with serious reverses during 1938 as a result of the occupation of its new studio by Japanese interests.

tus is practically a complete reassembly of various products of domestic and imported manufacture. Such portable systems necessarily curtail any freedom in dubbing, while those sound or musical effects which are added may be taken from imported phonograph records and are recorded at the same time the scene is photographed. This method usually results in direct cut-off of any incidental musical background when the picture is finally edited.

Some months prior to the commencement of hostilities, and to some extent even today, greater consideration has been given to camera equipment and to the construction and proper painting of sets, set dressing and costuming, although there is still room for much improvement in these departments as well as in all other branches of the industry. Well-known American cameras of recent manufacture or otherwise are used almost exclusively, although the number of lenses ordered or available for each camera is generally just sufficient to meet bare requirements. The proper use of filters is rarely seen. Lighting is generally hard and flat. There are no facilities in China for the development of 35-mm. color films, nor would existing facilities for the processing of ordinary black and white prints satisfy exacting American standards.

It is believed that the methods used in the financing and business administration of Chinese motion pictures constitute one of the chief reasons why the growth of this industry in China has not evidenced better development both technically and commercially. One of the principal abuses borne by the industry as a whole is that no substantial part of the revenue gained from a successful production is put back into the business but is believed to go into the various hands of those in control and is seen no more as far as the industry is concerned. In other words, the business is constantly being drained of its own profits, thus necessitating the periodic seeking of new backing in order to carry on. There are of course exceptions to this system, but it is reported that even the most advanced film companies may occasionally suffer from such practices. Another factor is the time and labor wasted while in actual production, as a result of inefficient management. Chinese pictures are made for only a small fraction of the cost of an ordinary American production, but the length of time taken to complete the most mediocre feature is out of all proportion to its legitimate requirements. Shooting schedules are not maintained even if drawn up; production crews are slow and poorly organized; while attempts at economy are apt to be "penny wise and pound foolish." Part of this lost time is attributable to the fact that most studios have but one or two sound recorders, thus necessitating waits and delays if more than two pictures should be in production simultaneously. Another factor retarding the flow of capital into the business is that during the earlier days of its development the industry gained the reputation of being a poor financial risk and a highly speculative venture. This was due to instances of stocks being put on the market or loans made which in time proved valueless as they represented investments in films of little or no commercial value. Today the situation has improved, but, generally speaking, the industry remains in precarious financial straits, with few or no elements of genuine stability.

Chinese films are in no way comparable with the American product, although American technique definitely influences and guides, so far as equipment and

preception permits the domestic production methods. At times the pictorial composition and mood of exterior scenes is extremely beautiful, but such isolated elements of fine technique are not maintained on any stable basis. There are many excellent Chinese actors in the industry, but the actual mechanics or technique of motion-picture production leaves much to be desired.

No American pictures are known to have been entirely dubbed with any form of the Chinese language, nor generally speaking, would such a procedure be practical for the China market, because of the many dialects that are spoken in various sections of the country. To date the most practical method of surmounting language difficulties on imported pictures having a wide appeal in the China market is through the use of superimposed Chinese titles appearing at the bottom of the picture and synchronized with important parts of the dialogue. Although dialects vary in different sections of the country, the written language remains the same.

While, as indicated, there are many dialects spoken in China, the official national language of the country is Kuo Yu or "Mandarin" as it is commonly called by foreigners. During the latter part of 1936 the Chinese Government took steps to control the filming of motion pictures in dialects other than Mandarin. Under normal conditions it is believed that 80 percent of all Chinese pictures are filmed in the national language, whereas a few years ago the amount was about evenly divided between Cantonese and Mandarin. There are no laws in China which require the dubbing of foreign films in the country in which they are shown, nor are there facilities available for the proper handling of such work.

Other than the Central Motion-Picture Studio of the Central Kuomintang Headquarters at Chungking and the production units under the supervision of the Political Training Board of the National Military Council, also at Chungking, no studios or film-producing companies are known to be subsidized or directly controlled by the Government. Prior to the outbreak of hostilities, some assistance by governmental means was in evidence toward fostering the domestic industry, although such steps did not include any direct assistance through the issuance of Government funds, other than in minor instances. In educational film work, however, Government financial assistance has been active in fostering national resistance, but principally through the medium of the two aforementioned governmental agencies. Such subsidies as have been expended have been made through direct appropriation.

While figures regarding the total investment in China for all branches of the motion-picture industry such as production, distribution, and exhibition have never been compiled, it is estimated that prior to the Sino-Japanese hostilities about 18 to 20 million yuan (based on pre-hostility exchange rates) would represent approximately the total value of both foreign and domestic investments in this industry. A large percentage of this total, however, represented Chinese-owned theater and property investments rather than motion picture studios and equipment. The extent to which this total Chinese investment has suffered as a result of the conflict is not known but is generally

reported to be large. Two of the country's representative studios, one of which is in Nanking and the other in Shanghai, are now under the control of Japanese interests, while numerous theaters in North China and in parts of Central and South China have either been destroyed, partially damaged, or are under the control of the Japanese or their interests.

TAXES -

There are no uniform rates of taxation levied on cinema theaters in China. Each Province has its own particular method of taxation, and the rates may even vary considerably within Provincial borders. Then too, the number of taxes collected and rates charged in one city may not apply to another, while rates may vary in different sections of the same town if there should be foreign concessions located within its boundaries. Generally speaking, in the large coastal or inland cities taxation is comparatively high, while in the more remote sections of the country it is low, with instances of rates being adjusted to meet current economic conditions.

The following represent approximately the municipal, Provincial, or National Government taxes and rates which could be said to apply generally throughout the country prior to the commencement of the Sino-Japanese hostilities. At present, in areas under Chinese control where foreign or domestic pictures are still being exhibited, emergency taxes have been either substituted or added to the following list. Not all of the taxes here given are levied on any one theater:

Theater tax (local): Yuan 15.00 to Yuan 150.00 or more per month.

Stamp tax (usually Government): Yuan 0.01 on tickets selling for 0.50 or under. Yuan 0.02 on tickets selling for over Yuan 0.50.

Educational tax (Government): About same rate as the stamp tax.

Amusement tax (local or Provincial): From 5 percent to 15 percent of gross box-office receipts.

Business tax (local): - 5 percent of gross receipts or a flat charge per month.

Advertising tax (local): About Yuan 0.05 to Yuan 0.20 per poster or 100 handbills. Sometimes on a flat-rate basis per month.

On January 20, 1938, all Shanghai cinemas and theaters within the French Concession and the foreign-controlled section of the International Settlement voluntarily put into effect an entertainment levy (Refugee Tax)for refugee relief work. Rates range from Yuan 0.05 to Yuan 0.10 per ticket.

According to a revised Customs Tariff which went into effect on June 1, 1938, and which is applicable to all areas under Japanese occupation (including Shanghai), the import duty on cinematograph films (developed) is 20 percent ad

valorem, with surcharges amounting to 14 percent of the duty assessed. Prior to this revision, the import duty (as established by the Chinese National Government) was 25 percent ad valorem, with the same 14 percent surcharges. This later tariff is still in effect for all foreign-made imports entering territory (original entry) under the control of the Chinese National Government.

THEATERS -

Prior to the outbreak of hostilities, it was estimated that there were slightly more than 300 standing theater properties in China, with an aggregate seating capacity of approximately 255,000. Of this total, which includes Hong Kong and Macao but excludes Manchuria, about 250 were wired for sound, with a seating capacity estimated at approximately 214,000. However, it is reported that only between 200 and 225 of the total locations wired for sound represent what could be considered locations of value or possible value to foreign films. Toward the end of 1938, American distributors in China estimated that, of these 200-225 possible locations, between 50 percent and 60 percent are closed, destroyed, or damaged or are inaccessible as a result of the hostilities. Property damage is unknown.

During the greater part of 1938, theaters showing first-run imported films charged approximately *Yuan 0.60 to Yuan 2.00 (in Shanghai 0.05 to 0.10 additional for Refugee Tax) while in the second-run theaters the prices were generally Yuan 0.30 to Yuan 0.50, with subsequent runs ranging between Yuan 0.20 and Yuan 0.30. First-run Chinese films commanded about Yuan 0.40 to Yuan 1.00, while subsequent runs ranged between Yuan 0.10 and Yuan 0.30, or less. On July 1, 1938, Shanghai's four first-run theaters and one second-run theater merged into one group, known as Asia Theaters, Inc., a company controlled and operated by American and Chinese interests. On October 1, 1938, three of these first-run houses (the Cathay, Grand, and Nanking - the Metropole being closed) raised admission prices Yuan 0.05 to Yuan 0.20 per ticket, making Shanghai prices in first-run theaters range between Yuan 0.70 and Yuan 2.10, including the aforementioned Refugee Tax. The increase was believed justified by rising electrical-power and coal costs as well as the decreased value of Chinese currency in terms of foreign currencies.

Among the types of films preferred by the Chinese are musical comedies or revues, comedies or comedy-dramas featuring well-known American stars, dramatic pictures featuring action, adventure, and spectacle, films based on historical events, pictures starring well-known American juvenile players, and to some extent those films having a sentimental appeal. Color cartoons are very popular with all types of audiences in China. News reels have evidenced a decided gain in popularity during the past 2 years. Pictures relying entirely on the value of their dialogue are not always enjoyed by the Chinese, although such films may be liked by the foreign cinema-goers. American films affording China or its people favorable comment or interpretation are especially appreciated by Chinese audiences.

* At present rates of exchange (November 1938) 1 Yuan or Chinese Standard Dollar is equivalent to approximately U. S. \$0.16½.

SOUND -

There are approximately 250 theaters wired for sound.

Owing to the Sino-Japanese hostilities, the immediate prospects of selling sound equipment to those theaters still remaining unwired are not promising. Silent films, prior to the conflict, were usually exhibited only in a limited number of the smaller inland towns, which locations today have either ceased operating or are not in a position to invest in new equipment, by reason of unfavorable economic conditions.

EDUCATIONAL FILM DEVELOPMENTS -

Prior to the commencement of hostilities, the Chinese Ministry of Education had in effect a comprehensive educational film program which reached into every Province of the country. However, during the past year and a half, many of China's leading educational institutions have suffered extensive damage or complete destruction as a result of the hostilities. The majority of Chinese schools, colleges, and universities sustaining such losses have moved far into various sections of the interior where new educational facilities have been established under the guidance and assistance of the Ministry of Education. Under present emergency conditions, the immediate prospects of selling imported educational films in these remote sections of the country are not encouraging. While educational motion pictures continue to be used in some schools, colleges, and universities, besides being exhibited to the laboring classes and country-folk by traveling corps of patriotic workers, the subject matter of these programs has now generally changed from purely instructional themes to subjects dealing with national resistance. The possibilities of marketing 16-mm. projectors (silent) is somewhat more encouraging than is evidenced for imported educational films. In Shanghai, foreign-controlled schools and centers of higher education located within the boundaries of the International Settlement and French Concession have recently evidenced a growing interest in the advantages offered by educational films. This is particularly true of several French schools and the Shanghai American School, where, during the summer months of 1938, twice-weekly programs were given featuring American-made educational films, the plan being sponsored and put into operation by a special committee composed of representative educational leaders.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	952,327	\$ 15,463
Negative Sound.....	---	\$ ---
1937 - Positive Sound.....	899,276	\$ 14,948
Negative Sound.....	2,402	\$ 38

CHOSEN (KOREA)

LEGISLATION -

The laws and ordinances controlling the purchasing of foreign exchange continue to be strictly enforced.

Foreign Exchange Control Law No. 28, promulgated in Japan Proper on March 29, 1933, was made applicable to Chosen on May 1, 1933, by Law No. 66 promulgated on April 26, 1933. In addition to the foregoing, Government General No. 40 of April 26, 1933, was issued for the purpose of controlling foreign exchange in Chosen. In general, the same laws apply in Chosen as in Japan proper, and all foreign films shown in Chosen are first imported into Japan and later distributed in the peninsula.

There are no laws giving other countries preference over American films, and there are no import quotas or contingent laws concerning importations of films as such, but under instructions issued by the Governor General of Chosen by virtue of the authority conferred by article 7 of Order No. 82, dated August 7, 1934, not less than one-half of the total length of film shown by each theater each month must be of domestic origin—that is, produced in Japan or Chosen.

CENSORSHIP -

According to data released by the censor of the Government General of Chosen, motion-picture films censored for the fiscal year ended March 31, 1938, were as follows:

	<u>Fiscal year 1937-38</u>		<u>Percentage of total</u>
	<u>Reels</u>	<u>Meters</u>	
Japanese films.....	9,736	2,038,134	71%
American films.....	2,960	709,924	24%
European films.....	560	139,874	5%
	<u>13,256</u>	<u>2,887,932</u>	

Although censorship is understood to be very strict, no films were wholly rejected, but the following lengths were cut from films, the greater part of which had probably first been censored and passed by the authorities in Japan Proper:

Fiscal year 1937-38

	Number of places <u>cut</u>	Length of films <u>cut (Meters)</u>	
Japanese films.....	271	1,181.72	
American films.....	158	330.85	
European films.....	30	106.20	
	459	1,618.77	
		(Meters)	
Total length of films censored.....		2,887,932.00	
Total length of films cut by censor.....		1,618.77	.06%
Total length of American films censored.....		709,924.00	
Total length of American films cut by censor.....		330.85	.04%

Of the total number of places cut in American films, 23 were because the scenes were considered "dangerous to the public peace" and 135 because they were considered to "conflict with native customs."

It is not possible to give complete or accurate information concerning the types of scenes that may be considered as violating the regulation that forbids the showing of scenes considered as "dangerous to the public peace or in conflict with native customs," but it is understood that scenes of revolutions and political independence movement, murders, gambling, thefts, jail breaks, love making, and nudity, when considered obscene, are prohibited.

No censorship agreements have been formulated with other countries.

COMPETITION -

As indicated in the foregoing tables, Japanese films dominate the market in Chosen on the basis of length, but it is thought that on the bases of total audiences and rentals, the proportionate share of American films in the market is somewhat greater than is indicated by the length of film censored. Although no statistics are available, it is estimated that probably 35 to 40 percent of the total length of film actually shown in Chosen is American.

It is said and observed that American films are very popular, but that the demand for and popularity of Japanese films are steadily increasing.

COPYRIGHT RELATIONS -

The same copyright laws being applicable in Chosen as in Japan Proper, there are no essential differences between the two regions in the recognition accorded copyrights.

PRODUCTION -

There is only one small commercial moving-picture firm in Chosen, that firm having produced approximately 12,000 meters of feature films during the fiscal year 1937-38.

Although the capital of this firm is Yen 500,000, it is reported that production facilities are inadequate and the technique poor as compared with equipment in Japan Proper.

Although American films are not "dubbed", there would probably be no objection to dubbing in either Korean or Japanese. American films usually carry titles written in Japanese on the side of the film. For purposes of censorship foreign-language films must be presented to the censor with a translation into Japanese of the entire dialogue or with two explanatory pamphlets.

There are no subsidies for the motion-picture industry in Chosen, but each year the Government General makes an appropriation for the production of educational or propaganda films.

It is estimated that the total investment in Chosen for production and distribution of motion-picture films is approximately Yen 500,000, and the investment in exhibition facilities is approximately Yen 2,500,000.

TAXES -

The following table shows the local tax rates on theaters in representative districts of Chosen:

<u>Cities, towns, and villages</u>	<u>Rate of taxes</u>
Keijo (Seoul)	3 percent of the total receipts.
Kunsan	50.00 yen per month.
Shingishu	3 percent of the total receipts.
Genzan	The same amount as the highest admission fee for 3 persons.
Mokpo	1.00 yen per day.
Some towns	0.3 to 0.5 percent of the total receipts.
Rural districts	1.5 to 5 percent of the total receipts.

Distributors selling films pay a national business tax of 12/10,000 of the amount of sales and a prefectural tax of about the same amount.

Distributors renting films pay a national business tax of 7/1,000 of the amount received in rents, and about the same amount to the prefecture.

Distributors, acting only as agents, pay a national business tax of 10/-1,000 of the amount of their commissions, together with a similar amount to the prefecture.

Item 1, article 25 of the Chosen China Emergency Special Tax Ordinance promulgated on March 31, 1938, provides that a 5 percent tax shall be imposed on admissions to motion-picture shows, if the admission charge is 39 sen or more.

The import duty on films as stated in item 2, article 636, of the Japan Import Tariff is as follows:

	<u>Unit</u>	<u>Rate</u>
Films for photographs:		
2. Developed.....	1 <u>kin</u> , including inner packings	Y11.13

(1 kin is equal to 1.32277 pounds.)

Article 38 of the above-mentioned Chosen China Emergency Special Tax Ordinance, in addition to the regular import tariff, imposes a 15 percent ad valorem tax on films imported from foreign countries.

THEATERS -

The number of moving-picture theaters in Chosen is approximately 60, although films are occasionally shown in about 65 other theaters and halls.

The following table furnished by the Statistical Section of the Government General of Chosen shows the number of days on which moving-picture films were shown, and the total attendance and receipts for the fiscal year 1937-38:

<u>Fiscal year 1937-38</u>			
	Number of days on which moving pic- tures were shown	Total attendance	Total receipts
Moving-picture theaters.....	16,755	8,847,346	Y2,293,833
Other theaters and halls.....	10,651	2,127,247	538,917
Other places.....	3,574	985,339	179,311
Total.....	30,980	11,959,932	Y3,012,061

Admission prices range from Yen 1.00 (\$0.28) to Yen 0.10 (\$0.03), the average being approximately Yen 0.25 (\$0.07).

Dramatic, romantic, comic, and tragic films seems to have about equal popularity, but, owing to the present emergency, war, battle, and "spy" pictures are particularly popular.

SOUND -

It is reported that of the 50 theaters wired for sound in Chosen, 24 have American and 26 Japanese equipment, and that several theaters having Japanese equipment, as well as several of those without any sound equipment, desire to import American equipment, although, by reason of present emergency measures limiting imports and the purchasing of foreign exchange, such sales do not seem probable or even possible. Imported sound equipment would probably be subject to a 40 percent ad valorem import duty plus a special China Emergency Tax of 15 percent ad valorem.

EDUCATIONAL FILM DEVELOPMENTS -

There are said to be about 50 schools and colleges in Chosen owning 16-mm. projectors, and many other schools which occasionally rent such projectors, but, because of the scarcity of suitable commercial films as well as to the high cost of purchasing or renting the few such films available, the pictures projected are usually amateur films taken by a teacher. If the proper type of material could be made available at a sufficiently low rental charge, there would probably be a considerable demand for 16-mm. films for educational purposes in that peninsula.

* * *

FRENCH INDOCHINA

LEGISLATION -

There is no legislation in effect inimical to the showing of American films. No quotas are imposed upon foreign films, nor are any contemplated.

CENSORSHIP -

There does not appear to be any law providing for censorship of motion pictures, but they are required to be shown before an official of the local government charged with the duty of censoring films.

Censorship is fairly strict. Scenes are prohibited in which accidentals lose prestige vis-a-vis Asiatics or are physically attacked by them. Anything of a political or inflammatory nature antagonistic to France or its Government is forbidden.

COMPETITION -

About 35 percent of the films shown are of American production. It is not felt that this percentage can be increased, as the audiences have indicated that they do not wish a greater number of foreign films, either with the original text and French subtitles, or "dubbed" films.

COPYRIGHT RELATIONS -

French laws apply.

PRODUCTION -

As none of the native languages of French Indochina are understood by audiences elsewhere in the world, and as the market is quite poor, there are no film producers or studios in the country.

TAXES -

Taxes range from 5 to 10 percent of the price of the admission ticket to the theater. The proceeds of this tax are earmarked for charity and social assistance.

THEATERS -

There are approximately 110 theaters in operation. Exhibitors centralize their bookings, even for non-French films, at Paris. Except in special cases there is a tendency to show fewer American films which do not have French dialogue versions. The original English versions are not particularly well received, even in French subtitles, as few persons in French Indochina audiences have even a meager knowledge of English. The French public prefers comedies, provided they are in the French language.

SOUND -

Approximately 85 theaters are now wired for sound pictures.

EDUCATIONAL FILM DEVELOPMENTS -

There are no data available as to the use of educational films in the school system of French Indochina.

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FRENCH OCEANIA

LEGISLATION -

There are no laws in French Oceania prohibiting foreign exchange, nor have there been any changes during the past year. While there is no law giving other countries preference over American films, there is an import tariff which is preferential to French films. The manager of the "Theatre Moderne" at Papeete, Tahiti (the only person regularly importing films), states that he has an understanding with the local government to the effect that, if possible, 60 percent of the films shown in his theatre will be of French production. He further says that he can obtain American films through the exchange in New

Zealand on shorter notice than French films from France, because of the better communication facilities, and that if a law were passed prescribing a definite percentage of French pictures to be shown he would frequently have to close his theater on account of the lack of new films. The government appreciates this fact and has therefore agreed to the aforementioned understanding rather than pass laws in regard to the matter.

The import tariff on films produced in France is 24 percent, and on those of non-French origin 36½ percent ad valorem. The duty on films rented from exchanges and imported temporarily is assessed on the amount of rental paid.

CENSORSHIP -

Seventy-six films have been censored during 1938. It is stated that none of these films were rejected but that 20 were cut, all of which were American films. The parts eliminated from these pictures were mostly scenes dealing with gangsters, crime, and French life, especially the Government, in a manner which might lower the prestige of the French in the eyes of the natives. Pictures of scantily dressed women and suggestive situations are also frequently censored. No censorship agreements have been formulated with other countries to bar films which are considered objectionable, on protest by a friendly country and vice versa.

COMPETITION -

Only American and French films are shown locally. Approximately 40 percent of the films presented are American and 60 percent French. American pictures are preferred. The manager of the "Theater Moderne" states that on the nights when he shows an American cowboy picture the house is always filled and that American musical comedies are also very popular.

COPYRIGHT RELATIONS -

The copyright laws of France are applied in French Oceania.

PRODUCTION -

No domestic films are produced. In past years several American companies have taken motion pictures on the island of Tahiti, but in May 1936 an official decree was published which provided that motion-picture films made in the colony cannot be exported without authorization by the Governor, which authorization is given upon the advice of the local censorship board, before whom the films must be projected. It is stated in the decree that this regulation is not applied if the pictures are taken with amateur machines using films less than 100 meters long. Since the aforementioned date there have been no professional motion pictures made locally.

In 1933 a law was passed providing that within 6 months from the date thereof all motion pictures shown in French Oceania must bear the titles and captions in the French language; that pictures could be shown with captions in other languages provided the same also appeared in French. An appeal from this decree was made to the authorities in France. The matter has never been settled, and, pending a final ruling, pictures continued to be exhibited with English captions only, the permission being renewed every 6 months by the local government.

French is the official language in the colony, and most of the natives in and around Papeete speak French; however, Tahitian is the predominant language.

TAXES -

Taxation is not high. The annual license fee for operating the local theater is 1,000 francs, which, at the present rate of exchange of 30 francs to the dollar, amounts to about \$33. An additional tax, known as the "poor tax," of 20 francs (\$0.66) is also assessed for each performance. The question of import duty was discussed in the opening paragraph of this report.

THEATERS -

The "Theatre Moderne" at Papeete, Tahiti, is the only motion-picture theater being operated in French Oceania at the present time. It has a seating capacity of 800. Performances are given every Sunday, Tuesday, Thursday, and Saturday evening. The prices of admission are as follows:

Sunday..	4.00 - 3.00 - 2.00	French francs
Tuesday.....	3.00 - 1.00 -	French francs
Thursday..	4.00 - 3.00 - 2.00	French francs
Saturday....	8.00 - 6.00 - 4.00	French francs

Musical comedies, comedies, animated cartoons, and cowboy pictures, especially the last-named, are best liked by the natives. Some of the cowboy films, which were made 15 years or more ago, have been purchased by the theater and are shown over and over again. Practically all of the pictures presented are from 5 to 20 years old. When a silent picture is shown, a native interpreter stands in the balcony and translates the captions into Tahitian. Only one performance, consisting of a news reel (always old), a two-reel comedy, and a feature picture is given in an evening.

SOUND -

The "Theatre Moderne" is wired for sound, but the equipment is not of the latest type. It is doubtful, however, whether the manager would be interested at the present time in purchasing more modern equipment.

EDUCATIONAL FILM DEVELOPMENTS -

There is no local market for the sale of educational motion-picture films and equipment. Educational pictures are not used in the schools of the colony, and it is very doubtful whether they will be at any time in the near future.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	33,157	\$ 1,695
Negative Sound.....	---	\$ ---
1937 - Positive Sound.....	19,026	\$ 238
Negative Sound.....	---	\$ ---

* * *

HONG KONG

LEGISLATION -

There are no laws in the Crown Colony of Hong Kong which give the films of other countries preference over American films, nor is any legislation contemplated which might reduce or prevent the distribution of motion pictures by American organizations. There are no laws in Hong Kong which require that a percentage of domestically produced films be shown on each theater program.

CENSORSHIP -

During the period January 1 to September 30, 1938, the following motion-picture films were censored in Hong Kong:

(a) Chinese.....	99 feature films
	31 short subjects
(b) Imported films:	
American.....	208 feature films
	587 short subjects
English.....	15 feature films
	4 short subjects
U.S.S.R.....	4 feature films
	10 short subjects
German.....	2 feature films
French.....	1 feature film
Japanese.....	4 short subjects
Indian.....	9 feature films
Total number rejected	7
Total American films rejected.....	7

No censorship agreements have been formulated by the Hong Kong Government with other countries or colonies to bar films at the request of either party to the agreement.

Local American motion-picture agents have no complaint regarding the censorship of films in Hong Kong; they feel that the local censorship is, generally speaking, fairer and more equitable than in most parts of the world.

COMPETITION -

Chinese films are the principal competitors of American films in Hong Kong. However, 75 percent of the films shown in Hong Kong are American.

PRODUCTION -

Thirty-eight films were produced in Hong Kong during the first 9 months of 1938. Production for the last quarter of the year is estimated at 15, making a total of 53 for 1938. In 1937, 70 films were produced. Only Chinese film companies produce in Hong Kong.

Production facilities are far from adequate, and the industry is not well financed.

All films are produced in the Cantonese dialect. The Nanking Government Decree requiring the use of Mandarin has not been enforced since the outbreak of the Sino-Japanese hostilities.

The Hong Kong Government does not subsidize the local film industry. It is estimated that the total investment in the Hong Kong motion-picture industry is as follows:

Chinese production and distribution.....	HK\$650,000
Distribution of imported pictures.....	110,000
Exhibition (about 25 theaters).....	<u>6,000,000</u>
Total.....	HK\$ 6,760,000 (US\$1,977,300)

TAXES -

Taxes levied on the motion-picture industry in Hong Kong may be considered as low. Theaters pay an amusement tax and an annual license fee, while distributors pay no taxes at all. Moreover, there is no import duty on films coming into Hong Kong. The amusement tax is passed on to the public by the theaters.

THEATERS -

There are 22 motion-picture theaters in Hong Kong and 6 others showing motion pictures when Chinese stage plays are not available.

Two motion-picture theaters are under construction at the present time.

The estimated gross income of all motion-picture theaters in Hong Kong is HK\$2,800,000 (US\$819,000) annually.

SOUND -

Twenty-eight theaters in Hong Kong are wired for sound. With the exception of the two theaters now being built, there is practically no prospect for the sale of new equipment in the near future.

EDUCATIONAL FILM DEVELOPMENTS -

There is a very limited demand for educational motion-picture films and equipment. So far as is known, none of the schools or colleges in Hong Kong employ this type of film for teaching purposes. It is possible such films may be used occasionally by the University of Hong Kong, but the demand is negligible. It is not believed that local educational institutions are contemplating the use of such films in the near future.

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INDIA

LEGISLATION -

There are no prohibitive or restrictive laws against foreign exchange in India, nor are there any laws giving other countries preference over American films.

No quota or contingent laws are in effect at present, but, toward the middle of the year, rumors were current about a proposal being put forward that a quota for Indian films, along the lines of the British Quota Act, should be enacted for India. The object of the proposal was to compel cinemas, showing exclusively foreign pictures, to exhibit a certain percentage of Indian films, as a measure of protection to the domestic industry. Perhaps this is reflected in the fact that Indian producers, particularly in Bombay, have, time and again, approached the Government requesting the introduction of such a quota. The government of Bombay is unofficially reported to have advised them to come forward with specific proposals. No legislation is either in force or contemplated which would prevent distribution of motion pictures of American origin, but representatives of the domestic industry have raised a cry against what is termed foreign encroachment in general, and American in particular, owing to the position that America holds in this field.

It is generally conceded, however, that the enactment of some sort of restrictive legislation is only a question of time. Possibly this may take the form of an increase in the import duty. In this connection, it is to be noted that the motion-picture industry in India is fairly well concentrated in

Bombay, and, with the present ministry in Bombay, nationalistic in its composition and outlook, local captains of the industry will find their task easier in getting some sort of protection.

In the recent conference of Industries Ministers of the various Provinces in India, a tentative arrangement has been arrived at to establish a National Planning Committee with the object of developing Indian industries to their utmost possible extent. The motion-picture industry being one of the key industries of India, it is sure to receive a fair measure of attention, and it is not unreasonable to assume that some form of protection will be extended to this industry.

CENSORSHIP -

During the period January to September, 1938, inclusive, 1,820 films were examined, of which 1,149 were American:

American.....	1,149*
British.....	331
Other Foreign Countries	49**
Indian.....	291
Total.....	1,820

* Of which 3 were refused.

** Of which 1 was refused, details not available.

Censorship is strict, particularly when it involves the question of maintaining law and order in the country. The government of Bombay has recently issued definite instructions to the Board of Film Censors to the effect that, whenever a cinematograph film produced outside India, depicting Indian life or dealing with Indian subject-matter, wholly or in part, is tendered to the Board of Censors for certification, the Board's report and opinion on it, together with a synopsis of the film, should be submitted to the government before it is certified as suitable for public exhibition under the Cinematograph Act.

A list of subjects, religious, political, social, sexual, and criminal, that are likely to be objectionable, follows:

RELIGIOUS

Indecorous, ambiguous, or irreverent titles or subtitles.

The irreverent treatment of sacred subjects.

Materialization of the conventional figure of any founder of religion.

Irreverent introduction of quotations from the Bible or church services to produce comic effects, and equally the comic introduction of Biblical characters, angels, gates of heaven, etc., which is extremely offensive to a large majority of the audience in India.

POLITICAL

References to controversial politics, electoral speeches and propaganda.

Relations of capital and labor.

Scenes tending to disparage public characters and institutions.

Scenes holding up the King's uniform to contempt or ridicule.

Subjects dealing with India, in which the British or Indian officers are seen in an odious light, or otherwise attempting to suggest the disloyalty of Native States or bringing into disrepute British prestige in the Empire.

Realistic horrors of warfare.

Scenes and incidents calculated in time of war to afford information to the enemy.

The exploitation of tragic incidents of war.

Incidents having a tendency to disparage or wound the susceptibilities of other nations, and especially of fellow subjects of the British Empire.

Stories and scenes which are calculated and possibly intended to foment social unrest and discontent.

CRUELTY

Cruelty to young infants and excessive cruelty and torture to adults, especially women.

Cruelty to animals.

SOCIAL

Swearing or language in the nature of swearing in titles or subtitles.

Excessively passionate love scenes.

Indelicate sexual situations.

Scenes suggestive of immorality.

Men and women in bed together.

Situations accentuating delicate marital relations.

"First-night" scenes.

Confinements.

Subjects dealing with the premeditated seduction of girls.

Scenes depicting the effect of venereal diseases, inherited or acquired.

Themes and references relative to "race suicide."

Incidents indicating the actual perpetration of criminal assaults on women.

Nude figures, both in actuality and shadowgraph.

Unnecessary exhibition of feminine underclothing.

Bathing scenes passing the limits of propriety.

Indecorous dancing.

Offensive vulgarity, and impropriety in conduct and dress.

Vulgar accessories in the staging.

Drunken scenes carried to excess, even when treated in a comic vein.

Exhibition of profuse bleeding.

Stories showing any antagonistic or strained relations between white men and the colored population of the British Empire, especially with regard to the question of sexual intercourse, moral or immoral, between individuals of different races.

QUESTION OF SEX

Cases in which the imminent intention to rape is so clearly shown as to be unmistakable.

Scenes dealing with "white-slave" traffic.

Scenes laid in brothels.

Scenes of street soliciting, prostitution, and procuration.

Illicit sexual relationships.

Themes which are in violation of good taste, such as father making love to his unknown daughter or brother to his sister, etc.

Incidents suggestive of incestuous relations.

CRIME

Gruesome murders and strangulation scenes.

Executions, whether treated seriously or in a comic spirit.

The modus operandi of criminals.

The drug habit, e.g., opium, morphia, cocaine, etc.

Stories of which the sole or main interest is that of crime and of the criminal life without any counterbalancing element of love or adventure.

Themes calculated to give an air of romance and heroism to criminal characters, the story being told in such a way as to enlist the sympathies of audience with the criminals, while the constituted authorities of the law are held up to contempt as being either unjust or harsh, incompetent, or ridiculous.

Organized knuckle fights.

These are the rules that guide censorship boards in their decisions. It should be borne in mind, however, that in the interpretation of some of the rules there is a difference in the Western and Indian conceptions. Subjects dealing with venereal disease are taboo, although, in one instance recently, an American film was passed as a very special case. The general reaction to American films is extremely favorable, but of late, with the awakening in the political consciousness of a large section of the educated public, any effort on the part of foreign films to exhibit Indian characters or scenery or religious customs in an unfavorable light will encounter serious resistance, quite apart from the difficulty which they will have to surmount during the censorship. If American films steer clear of these Indian prejudices, it can reasonably be expected that the present favorable sentiment will continue, to the best advantage of both countries.

There is no agreement, reciprocal or otherwise, with any other country regarding censorship. The prevailing practice is for foreign consuls to lodge a protest with the Government whenever they find anything that they feel is objectionable to or undermining their national honor or interests; the local Government thereupon issues proper directions to the Board of Censors.

COMPETITION -

Indian pictures offer the most serious competition to American films, in the sense that they are successful in deflecting a vast number of film fans who

would otherwise patronize the American pictures. However, about 45 percent of the films shown are American. British films have almost ceased to be a competitive factor.

The number of Indian productions, on the other hand, is gradually growing, and they are attracting public appreciation and patronage to an increasing degree.

Under prevailing conditions, it would be next to impossible to say what percentage of films shown are American, as, of the 1,000-odd cinemas, some 200 show exclusively foreign films, about 600 show exclusively Indian films, and the remainder divide their time between English and Indian pictures, keeping the former merely as a stopgap. The Indian masses may be said to prefer domestic pictures to foreign, principally because they are able to follow the language. So far as the educated and middle classes are concerned, their loyalty to foreign pictures is being gradually impaired by the steady all-round improvement of the domestic films. Theaters in the big cities and towns which were exclusively devoted to the exhibition of foreign pictures, finding it increasingly difficult to maintain their normal box-office receipts, are compelled by pressure of public demand to swing over to Indian pictures, and, in many cases, they have found it to their advantage, as they were able to rehabilitate their position.

In fact, some theaters have entirely changed over to Indian pictures, encouraged by the response they have had from the public. If this be the position in the more important cities and towns, the situation in the smaller cities and towns, where the percentage of English-speaking people is limited, can well be imagined. It must be admitted, however, that foreign pictures of the "extra-super" type always have a public, regardless of race, color, or creed. Such quality pictures, with a great deal of action and universal appeal, have invariably had the effect of drawing upon the Indian public in general.

It is estimated that the annual all-India box-office revenue, from both foreign and Indian films, is about Rs. (rupees) 60,000,000. The Indian market is capable of further expansion, as the saturation point is not likely to be reached for another two decades. With the progress of industrialization in India and the consequent improvement in the general economic condition of the masses, it can safely be assumed that there will be a steadily increasing demand for this form of recreation. It is doubted, however, whether foreign films could capture any portion of this market unless the films are dubbed in the important Indian vernaculars. Mere superimposing of vernacular titles is considered insufficient to embrace the vast illiterate masses.

COPYRIGHT RELATIONS -

From a reading of the provisions in part II of the Indian Copyright Act, 1911, relating to international copyrights, it is clear that no distinction

is made in respect of privileges regarding copyrights. Foreign copyrights are scrupulously respected; any infringements are dealt with according to local laws, and it should be an easy matter to secure protection against infringements. Few cases have been reported where anybody has suffered, so far.

PRODUCTION -

It is extremely difficult to secure accurate data regarding the number of feature films produced in India in 1938. The nearest approach to the question is perhaps the number of Indian films censored. From January to September, 1938, inclusive, 163 Indian feature films were tendered for certification before the Indian Boards of Censors. It is understood, however, that production of Indian films was not as active as in the preceding few years. There is still no regular or systematic issue of films from standard studios. The current year's production is likely to fall short of the average, unless speeding-up efforts are made during the remaining months of the year. Except for a few well-equipped and efficiently-managed studios, production facilities cannot be said to be adequate. Likewise, there is lack of imaginative or directional talent. The standard of production is therefore not comparable with that of the average foreign picture.

Most producing companies rely upon their private capital, which seldom exceeds Rs 500,000. This amount is grossly inadequate for producing pictures on a commercial scale. There are a good many poorly financed companies, as contrasted with the powerful corporations in America. No producer of Indian pictures receives any financial assistance from local banks; he has to depend upon the local usurers, paying interest ranging from 2 to 3 percent per month.

Most of the concerns that were started during the past decade, which in the initial stages were specializing in the production of silent films only, had to close down with the advent of the talkies, for lack of capital to convert their studios into talkie studios. There has also been an attempt at rationalizing the industry, and some of the weaker concerns are said to have succumbed, being unable to meet competition. However, there have also been additions this year, notably in South India - one at Madras, one at Madura, and the third at Coimbatore. The promoters naturally hope to make a financial success of their ventures. Bombay is unquestionably the center of the motion-picture industry, Calcutta ranking second in importance and Southern India third.

The public has become critical, and pictures, unless they are well made, are not receiving the expected support. The local technique shows a steady improvement, and picture production is gradually assuming a scientific aspect. This Indian industry which, in course of time, promises to be one of the country's key industries is now ranked as seventh on the list.

Considering that the public which the American films aim to reach can be reached through the English language, it is considered unnecessary to dub pictures in the native language. If, however, it is a question of reaching the masses, mere dubbing would not be sufficient, unless the subject matter of such pictures were suitable for the understanding and appreciation of the uneducated and almost illiterate Indian masses. Again, dubbing in the local vernaculars has its dangers, in that it would meet with strong opposition by the domestic industry.

The important vernaculars of the country, or, in other words, the languages spoken and understood by vast sections of the population, are Hindustani, Urdu, Marathi, Bengali, Gujarati, Tamil, and Telugu. It is not possible to point to any one of these as the predominant language of the country, but talkies in Hindustani, by which is meant "Simple Urdu, with a larger proportion of Hindi words than are commonly to be found in that language," have proved the most popular and have enjoyed a wider distribution than films in any other language. It must be noted here that the Indian Congress has recently embarked upon a vigorous campaign to propagate Hindustani as the all-India lingua franca, and signs indicate an intention to pursue this objective in spite of opposition from different sections of the population.

To solve its financial difficulty, the domestic industry has been continually agitating, calling upon the Government, with its expressed concern for Indian industries, to investigate the possibilities of financing film production by the Reserve Bank of India, or to create, as in Continental countries, a separate Film Credit Bank, the nucleus of the fund with which such a Bank should commence operations being the receipts of the Central Government from the film industry through import duties, the income-tax department, and through the railway department, which is estimated to total approximately Rs. 2,400,000 per annum. The domestic industry has consistently urged the abolition of import duty on raw motion-picture films, viz., negative, positive, and sound, and on such motion-picture machinery as is imported by a bona fide film producing concern and has also requested the Provincial Governments to reduce their taxation substantially on the ground that several producers have "gone to the wall." According to Indian producers, Government intervention is imminent, and the Government of India is reported to be considering whether the time has not arrived when the import customs duty on raw films and machinery should be wholly removed. No form of Government subsidy actually exists at present, however.

The total investment in the local motion-picture industry is estimated at approximately Rs. 150,000,000, and it provides employment for some 35,000 people.

TAXES -

The various taxes imposed undoubtedly prove a heavy burden on the industry.

to provide sound equipment to Indian theaters. This particular product has so far been introduced in more than a hundred theaters. It is understood that, by reason of the prohibitive cost of this type of equipment, no outright sale is made, but it is installed on loan on a rental basis, the rental taking the form either of a fixed monthly contribution or of a percentage on the box office receipts. Each unit is said to cost about Rs. 50,000. The partial success attending this equipment is attributed to the fact that it was among the very first to enter the market, as also to its quality. Another American product, which is important in the field, seems to encounter keen competition from Philips, and is maintaining its hold chiefly because of its established reputation for quality. Philips has been very active in the past 18 months and has been able to sell Philipsonor equipment to some 300 or more theaters in India. In Southern India alone, this firm's representatives are understood to have installed it in approximately 100 theaters. The value of their equipment is roughly Rs. 7,000 to Rs. 8,000. Of late, however, they have suffered a setback, due, it is said, to the quality not coming up to expectations, and to the lack of adequate servicing facilities. In fact, it is said that many theater-owners seem to be discontented and would welcome a change-over to some better type of equipment. The German Bauer equipment, costing about Rs. 6,000, is becoming increasingly popular. It is forging ahead primarily because of its low initial cost and fairly satisfactory performance. American equipment is, on the whole, the most popular, and if their prices were more competitive, American makers would dominate this field completely.

EDUCATIONAL FILM DEVELOPMENTS -

Although the possibilities of cultural development through the medium of the film have definitely begun to be recognized, educational authorities have been slow in applying themselves seriously to the subject. The question is still simmering in their minds as to the practicability of this method of instruction. A good beginning has been made in parts of the country, but the field is still virtually virgin for exploitation by the foreign film. One or two important photographic concerns have just started letting films and equipment on hire to governmental and other educational institutions. The Government demand for films on rural uplift, personal hygiene, physical culture, and industrial research is said to be increasing, and classroom and medical films are in continuous circulation. The movement being in its initial stages, progress is naturally slow, but there is no gainsaying that it is steadily expanding. Given the necessary financial assistance to the institutions, this method of teaching should take on added vigor.

It is difficult to estimate the number of schools and colleges which actually use these films for teaching purposes at present, but there undoubtedly appears to be a steady increase of inquiries from these organizations.

The 16-mm. film is becoming more and more popular. According to concerns which are interested in educational films, opinion is crystallizing in its favor. They say that the size of the pictures projected from the 8-mm. and

9.5-mm. film is obviously the biggest objection to such films, for educational purposes; the image, upon projection, is too small.

IMPORTS FROM UNITED STATES:

	Feet	Value
1936 - Positive Sound	4,643,341	\$ 89,331
Negative Sound.....	1,015	\$ 49
1937 - Positive Sound . . .	5,476,116	\$101,313
Negative Sound.....	---	\$ ---

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JAPAN

LEGISLATION -

The complete prohibition of American film imports into Japan, put into effect on September 20, 1937, continued in force during the next 13 months or until the middle of October, 1938. During that period the ban on imports was complete, save for news reels, and exhibitors were forced to show only films held in stock before the ban went into effect.

Representatives of the Association of American Motion Picture Distributors in Japan opened negotiations during February, 1938, with the Japanese authorities for the partial or entire lifting of the ban. In June prospects for an early solution of the problem looked good, and by July agreement was reached on all major points. The Finance Ministry accordingly advised the eight distributors of American films to order pictures from the United States so that they could be brought into the country when the import prohibition was finally lifted.

Not until October, however, was the final agreement signed by the Finance Ministry and representatives of the aforementioned association. On October 3, the ban was officially lifted. The first films were passed by the Yokohama customs authorities on October 15, and on October 29 the first permits to remit funds to home offices were received from the Finance Ministry.

Before giving details concerning the arrangement itself, it is in order to state that, although the year opened on a highly pessimistic note, it closed with a considerable amount of optimism as regards the immediate future. From the long-range point of view, however, uncertainty continues to be felt by reason of predictions that legislation is being drafted for presentation to the next session of the Diet in March, 1939, providing for rigid control over all phases of the motion-picture industry.

The arrangement whereby American films are now being brought into Japan is unique and probably without parallel in any other market. No arrangement

similar to it has thus far been made here, and it is unlikely that it will be duplicated for other industries or commodities.

Briefly, the plan provides for the restricted importation and exhibition of American films with the provision that all royalty payments be frozen for a period of 3 years. Under current wartime conditions, Japan cannot afford to make foreign-exchange payments for such an obvious luxury as motion pictures, it is pointed out. Considering the fact that no alternative was offered, American distributors regard the plan as fair and reasonable and definitely to be preferred to a continuation of complete import prohibition.

In the first place, the plan provides for the release of funds frozen in Japan as a result of exchange-control regulations. Secondly, it provides for the grant of import and exchange permits for importation of \$30,000 worth of films, based on a fixed valuation of 1.5 cents per foot. Thirdly, it allows distributors to remit funds to the United States on a monthly basis. The all-important angle, however, is the fact that all funds sent to the United States are converted into dollars and kept in the San Francisco branch of the Yokohama Specie Bank without interest for a period of 3 years.

Concerning the first point, royalties up to Yen 3,000,000 may be remitted to the United States through the Yokohama Specie Bank on or before the last day of 1938. This amount includes a total of unremitted royalties approximating Yen 2,000,000 which have accumulated locally during the period from September, 1937, to May 15, 1938. The total of Yen 3,000,000 was scheduled to be remitted to the United States in four equal monthly installments during the months of September to December, inclusive.

The second main feature of the plan provides for the importation of a maximum of \$30,000 in print costs, the minimum price per foot being 1.5 cents. On this basis, films up to 2,000,000 feet may be imported, roughly equivalent to between 180 and 200 features plus shorts and news reels. In the case of colored films, prints of which cannot be made in Japan, each print is taken as the equivalent of one regular picture. In the case of some companies, a total of five films (the original colored film and four prints thereof) will have to be imported, while other companies reportedly might even have to import six films (the original and five prints). Under the circumstances, it will be appreciated that the distributors are not much interested in handling colored pictures unless they are certain to be "smash hits."

By mid-December about 75 features had been imported from the United States, these films being covered by import and exchange permits having a combined value of \$10,000. The Finance Ministry has been slow in granting permits for the remaining \$20,000, as provided for in the agreement, and some apprehension has been aroused among American distributors since the agreement specifically states that all imports of new films must be made before the end of 1938. A responsible official of the Finance Ministry has reportedly assured the distributors that the agreement will be renewed after December 31, 1938, so that all films covered by the plan may be imported.

The third feature of the plan provides for the monthly remittance of funds to the United States under the same restrictions as noted for the Yen 3,000,000 of frozen assets. Each monthly remittance is to be converted into dollars and held without interest in the San Francisco branch of the Yokohama Specie Bank for a period of 3 years.

While the general public was frankly pleased with the prospects of seeing some new American films again, definite hostility to the aforementioned plan to permit importation of between 180 to 200 features was voiced by ultra-nationalistic entities claiming that this is no time to spend money for foreign luxuries. Because of this hostility, the Finance Ministry reportedly has held up granting permits covering the remainder of the \$20,000 worth of print costs.

A concession to the times was made, however, the agreement specifying that all pictures imported must be suitable for the present emergency wartime conditions in Japan. Further information on this point is given in the section devoted to censorship.

A considerable amount of publicity appeared locally throughout 1938 concerning a scheme to import 40 German motion pictures through the "Manchukuo" state motion-picture monopoly. These films are now being exhibited in "Manchukuo" in accordance with the German-"Manchukuo" trade agreement. Continued disagreement among the Japanese exhibitors blocked any definite action, and no German films had been brought into Japan by the middle of December.

During November, Japanese exhibitors of foreign films, excluding the American films distributed by the branch offices of eight major producers, organized the Film Trade Association of Japan. As reported by the press, this association was organized mainly for the purpose of bringing in German and other foreign films from Manchuria and thus avoiding the necessity of making foreign-exchange payments.

According to one report, the motion-picture monopoly in Manchuria plans to import not only German films but also French, British, and other European films as well as a few American productions made by independent concerns.

It is too early to say what success the newly organized Film Trade Association will achieve as regards importation of German and other foreign films. Nothing definite had been done by mid-December, and it appears that further negotiations among the domestic exhibitors will be necessary to iron out the problem. According to an American distributor, the Towa Shoji, leading Japanese exhibitor of foreign films, may handle 12 of these German films while the remaining and less important Japanese exhibitors may distribute the remaining 28 films. Included among the German films is the picture of the 1936 Olympic Games at Berlin, press reports indicate.

What appears to be the main stumbling block to the showing of the 40 German films in Japan is the fact that the pictures apparently will be apportioned among the Japanese distributors, some distributors getting good films along with indifferent features. Just how to apportion the individual films among the distributors seems to be the main difficulty. German films have not been particularly successful in this market, but several selected features have enjoyed popularity. The prospects of unloading 40 films onto the market at one time, particularly now that new American films are being shown, obviously are not attractive to the various Japanese exhibitors who have organized the Film Trade Association of Japan.

Several Italian films were reportedly brought into Japan during 1938 by an Italian economic mission, causing American distributors some concern. However, only one of these films has thus far been exhibited and has enjoyed only moderate success.

Press reports indicate that negotiations have been suggested, and possibly opened, aiming at the importation of films from Italy on a barter basis. Details had not been ironed out by the middle of December, and it is unlikely that Italian films obtained under barter arrangements will be shown here during the early part of 1939.

There are no laws in existence in Japan giving other countries preference over American films, nor are there any actual quota or contingent laws in effect in Japan. It was mentioned on several occasions during 1938 that quotas might be established for American and European films.

Much concern is felt over reports indicating that a law is being drafted for presentation to the Diet in March, 1939, aiming at rigid State control over the motion-picture industry.

The eight distributors of American films were asked to call upon the Home Ministry late in December and received word that the draft of the bill had been completed. They were presented with a copy of the drafted bill as well as a statement giving reasons for the proposal of a motion-picture law.

Motion pictures have recently made great strides and now occupy a position of utmost importance as national entertainment. At the same time, motion pictures are an important influence in the field of education, compilation of records, and news dissemination. Further more, films are developing as one of the national arts. The history of the motion-picture industry in Japan dates back 40 years, but, looking at the present situation one finds many aspects of it in need of improvement. The prevalent feeling is that persons engaged in this industry must realize their duty toward it and work toward improvements from within the industry itself. The Government, too, in view of the importance of the matter, must (it is felt) take the initiative in pointing the way and must foster the industry's proper development. This is the reason why the Ministers of Home Affairs and Education have proposed this motion-picture law. This proposal is based upon the present situation, and the Japanese hope it will be the foundation of a sound motion-picture policy and a contribution to "the creation of a new national culture."

Draft of Proposed Motion-Picture Law.

1. In order to prevent undue increase in the number of persons engaged in production and distribution, as well as to foster healthy development, the motion-picture business shall be placed on a license system.

2. Violators of the law shall be ordered to reform, or their business shall be restricted or stopped entirely.

3. To improve the quality and to promote the industry, motion-picture directors and players shall be registered and further regulations issued for the control of unit persons.

4. At the time of enforcement of this law, those who are already established in business, and those who have applied prior thereto, shall be recognized as being entitled to licenses.

5. In order to encourage the motion-picture industry, awards shall be made to exceptional pictures which contribute toward national culture.

6. The exhibition of cultural pictures shall be ordered so as to promote the national culture.

7. For purposes of education and national propaganda, exhibitors may be ordered to exhibit certain designated pictures.

8. Certain pictures which are considered significant from the point of view of public welfare shall be ordered to be preserved by the owner so as to prevent their destruction.

9. Scenarios or manuscripts shall be presented to the authorities before production in order to prevent the making of undesirable films, as well as to prevent unforeseen loss of time when films are presented for censorship purposes.

10. Censorship of films, both for release in Japan and for export, shall be conducted as in the past. Portions of films deleted by the censors shall be confiscated.

11. Proper restrictions and control shall be exercised over the length of performance, method of exhibition, and attendance of minors from the point of view of peace and order, hygiene, education, and general public welfare.

12. In view of the influence of foreign pictures upon national morals and the domestic motion-picture industry, the volume of foreign pictures distributed, as well as exhibited in theaters, shall be restricted.

13. Night work of women and minors engaged in motion-picture production shall be prohibited or restricted when such is judged undesirable from the point of view of hygiene and public welfare.

14. Producers, distributors, and exhibitors who interfere with the healthy development of the motion-picture industry shall be ordered to restrict their activities.

15. A motion-picture committee shall be established to discuss important matters relating to the industry.

16. Regulations additional to the above 15 shall be issued to decide the penalties for violation of the above.

Among the less pessimistic observers the view is held that the proposed law is aimed mainly at the domestic producing industry, in which conditions are chaotic and unsatisfactory. Proponents of this view say that the domestic com-

panies were not able to avail themselves of the opportunity afforded to improve their competitive position during the 13 months when American films were prohibited importation. Their output continued to be characterized by weak plots, poor scenario work, and bad editing of the films before being released. The proposed law would force domestic producers to submit their scenarios to the Government before actual work is started on the pictures. The Government would guide producers to make better pictures, it is pointed out, both for the domestic market and for export to the Japanese-dominated areas on the Asiatic mainland. The Government would endeavor to make production of raw films approximately equal to the consumption by the producers, who now are said to waste large amounts of raw film.

It is generally believed that the proposed law will actually be presented to the Diet and that it may be put through without difficulty. Nationalistic groups are said to be backing the proposed law; these groups are reported to include the military and other elements aiming to use the motion-picture industry for the purpose of molding public opinion.

The outlook for American participation in the Japanese market is not bright, by reason of the trend toward greater control. It seems safe to say that the days of unrestricted competition in this market are over.

There are at present no laws requiring that a certain percentage of domestic films produced be shown on each theater program, although it is possible that such a provision may be contained in the proposed motion-picture-industry law.

CENSORSHIP -

Censorship in Japan continued to reflect the wartime conditions carried over from 1937. Although rigidly enforced, the censorship is said by American film distributors to be reasonable and not extreme. The censorship regulations are well known and strictly adhered to, and therefore relatively little fault is found with the actual censoring of films. One American distributor who had two films banned during 1938 stated that these pictures were banned on grounds clearly stated in the censorship regulations and that he therefore had no real cause for complaint. The opinion was expressed that care should be taken beforehand to make certain that the films are sure to pass the censor without being banned or with only minor cuts.

Largely because of the great number of news reels made by Japanese companies, the total number of prints censored in 1937 reached the unprecedented total of 41,560, against 25,008 in 1936, 21,075 in 1935, 17,468 in 1934, and 14,989 in 1933. Of the 1937 total, news reels alone numbered 22,727, including 21,869 Japanese, 734 American, and 124 European.

Details covering the number of prints, reels, and meterage censored during 1937 are given in the following table, the data including features, shorts, and news reels.

Data Covering Films Censored in Japan, 1937

	<u>No. of prints</u>	<u>No. of reels</u>	<u>No. of Meters</u>
Japanese.....	37,303	99,314	21,782,195
American.....	3,288	12,142	2,884,351
German.....	395	1,736	401,190
French.....	253	1,480	376,584
Russian.....	109	126	31,446
Italian.....	107	290	711,772
English.....	75	433	99,836
Other foreign.....	30	171	
Total 1937.....	41,560	115,672	26,326,356
Total 1936.....	25,008	96,383	21,905,867

It will be noted that the total meterage of foreign films censored in 1937 was 4,544,161, against 3,638,436 in 1936. The total meterage of Japanese films censored in 1937, amounting to 21,782,195, compared with 18,267,431 in 1936.

Details have also been obtained from the censor's office covering silent and sound pictures censored during 1937. These figures are presented in the following table for Japanese, American, and European pictures.

Silent and Sound Films Censored in Japan, 1937

<u>Japanese</u>	<u>Silent</u>	<u>Sound</u>	<u>Total</u>
No. of prints.....	6,306	30,997	37,303
No. of reels.....	22,758	76,556	99,314
No. of meters.....	3,884,103	17,898,092	21,782,195

American

No. of prints.....	492	2,796	3,288
No. of reels.....	1,277	10,865	12,142
No. of meters.....	237,568	2,646,786	2,884,354

European

No. of prints.....	264	705	969
No. of reels.....	616	3,600	4,216
No. of meters.....	88,855	930,952	1,019,807

The total meterage of silent film censored during 1937 was 4,210,526, about 16 percent of the total, compared with 21,475,830 meters, or 84 percent, of sound film.

Details regarding the number of features censored are not available. It is reported, however, that new productions censored during 1937 totaled 3,263, including 2,306 Japanese, 755 American, and 207 European.

The following details covering films censored during the first half of 1938 were obtained from the censor's office. Details for subsequent months are not yet available.

Films Censored in Japan, First Half of 1938.

	<u>No. of prints</u>	<u>No. of reels</u>	<u>No. of meters</u>
Japanese.....	19,371	45,981	10,569,281
American.....	1,731	4,704	1,065,764
German.....	242	869	205,503
French.....	90	468	112,646
Italian.....	31	123	29,018
English.....	42	258	63,797
Russian.....	31	123	29,018
Other foreign.....	12	42	11,752
Total.....	21,550	52,568	12,086,779

Details as to the type of film, i.e., silent or sound, are available only for the Japanese films, as follows:

Japanese Films Censored During First Half of 1938.

	<u>Silent</u>	<u>Sound</u>	<u>Total</u>
No. of prints.....	2,296	17,075	19,371
No. of reels.....	4,485	41,496	45,981
No. of meters.....	569,826	9,999,455	10,569,281

Corresponding details for American and European films have not yet been compiled by the censor's office.

Films imported into Japan are inspected by the customs authorities and, if approved, by the censor's office. Some films are not permitted entry into the country by the customs, or else the customs advise the distributors not to have them inspected by the censor because they will be banned anyway, the customs presumably recommending such action. Relatively few American films are rejected by the customs or banned by the censor, largely because of the fact that distributors exercise great care in selecting films for this market.

During 1938, three American films and one French film were either banned by the customs or rejected by the censor. One American film was banned because it was built around a plot concerning corruption in the general staff of a European army. The second American film was refused entry by the customs because it dealt with the difficulties of Russian nobility in exile and the oper-

ations of Soviet Russia abroad. The third American film was banned by the customs because it dealt too much with crime and with the methods of crime. The French film, prepared under the direction of Sessue Hayakawa, former Japanese motion-picture star of the American screen, was banned because the plot was laid in Tokyo's licensed district. This film, originally named "Yoshiwara," was renamed "Kohana" (Little Flower), but the change in title did not alter the opinion of the censor.

No domestic films were reportedly banned in 1938, although the censor required that several films be altered considerably before being approved.

Continued care will be exercised in prohibiting the screening of foreign films which run counter to the social and political economy and ideology of the country. Scenes deemed detrimental to German and Italian interests will continue to be eliminated, since Germany and Italy are linked up with Japan politically and culturally as a result of the Anti-Comintern Agreement.

So far as is known, no formal censorship agreements with other countries have been made by the Japanese Government. During 1937 and 1938, however, protests made by the German Embassy at Tokyo against the screening of certain parts of a World War film made in the United States succeeded in having the objectionable sections deleted.

Japan, Germany, and Italy, as co-signors of the Anti-Comintern Agreement, have tended to draw closer together in matters of international cooperation. Steps are being taken to exchange cultural missions and also certain films of the type deemed appropriate for better understanding. Under the circumstances, it will be appreciated that the Japanese Government does not permit any pictures to be exhibited which contain material likely to cause offense to German and Italian interests and feelings.

COMPETITION -

General competitive conditions were completely upset during 1938 as the result of the complete ban on imports of pictures other than news reels from the United States and Europe. Japanese films continued to dominate the market, but American distributors enjoyed a fair amount of business with the limited number of features available for screening. By the end of the summer, however, a decided shortage of American features was reported, this shortage being referred to by the press as a "film famine." By the time the ban was lifted in October practically all American distributors were desperately in need of new pictures.

An indication as to the competition found in this market is afforded by the meterage of films censored in 1937 and during the first half of 1938. During 1937, Japanese films accounted for 82.7 percent of the entire meterage, as compared with 10.9 percent American and 6.4 percent European. During the

1938 first half, the Japanese share had risen to 87.4 percent, while the American and European shares had dropped to 8.8 and 3.8 percent respectively. It will be remembered that the Japanese figures are swollen by a heavy meterage of news reels.

From the standpoint of money-making attractions, however, the American films are the best in the market. Opposed to the fact that they have maintained their popularity in spite of the 13-month ban on new productions is the fact that Japanese theater outlets are largely controlled or dominated by domestic producers, who show American films mainly to round out their own programs. Isolated press reports tend to give the impression that the number of theaters showing foreign films exclusively has declined in 1938, in consequence of the shortage of features.

A development, which under normal conditions might have unfavorably affected the exhibition of American films, occurred when the new 3 hour limit for shows was enforced from February 1, 1938. Prior to that time, exhibitors screened two foreign features, one foreign and one Japanese feature, or two Japanese features, depending on policy, as well as shorts and news reels.

Some programs normally ran for 5 hours, particularly in the case of double Japanese feature bills. The authorities considered long programs as being bad for public health and, largely because of this, put the 3-hour limit into effect. Another consideration was the fact that domestic producers might profit from the new ruling by devoting more time to production of better films, with quality rather than footage the main attraction.

This new ruling coincided with the shortage of American films and resulted in having the limited supplies prove more adequate than they otherwise might have been. Even during 1939, with supplies of American films increased, this ruling will undoubtedly prove helpful, it is predicted.

European productions seem to be gaining ground against American pictures, but this does not necessarily mean that they are achieving greater popularity. As one observer put it, "pictures produced under the social and political restraint peculiar to the European countries are more likely to find favor in the eyes of Japanese censors, especially in view of governmental amity." This observer points out that it must also be borne in mind that the exhibitor is able to make more favorable terms for these pictures than for the American pictures.

According to the "Cinema Yearbook of Japan," 1938 edition, the total number of features imported to Japan during 1937 was 287, against 341 in 1936, 311 in 1935, 320 in 1934, 287 in 1933, 293 in 1932, 251 in 1931, and 270 in 1930. Imported features released in 1937 totaled 285, of which 231 were from the United States, 21 from France, 14 from Germany, 12 from England, 3 from Austria, 2 from Czecho-Slovakia, and 1 each from Switzerland and Italy.

Of the 231 American films released during 1937, the eight branch offices of American producing companies released 210, while 21 features made by independent concerns were released through Japanese exhibitors, according to the "Cinema Yearbook of Japan".

No accurate figures are available covering the number of domestic features released in 1937 and 1938. An approximation may be obtained, however, from the numbers produced, discussed in a subsequent section of this report.

The year 1939 will probably witness important developments as regards European, particularly German and Italian, competition. More films may be imported, as the result of special deals with Germany (via Manchuria) and Italy, which presumably will be essentially of a barter nature. Although these films may have the approval of the Japanese authorities from the standpoint of international amity, it is doubtful whether they will seriously affect the general position of American films in the Japanese market. On the contrary, the large-scale importation of German and Italian films may have repercussions resulting from the release of numerous indifferent films.

Popular demand for domestic films remains excellent among the masses, because the dialog is understood and admission charges generally are lower. Nevertheless, American films have wide appeal and are likely to maintain their position, as a result of their more careful selection and high entertainment value.

COPYRIGHT RELATIONS -

The shortage of foreign films during 1938 is said to have encouraged piracy, but, as in former years, very old films were involved and settlement was reached outside the courts. The matter of piracy is of minor importance in Japan.

The laws of Japan theoretically protect foreign producers from piracy. Equally important as a deterrent to piracy is the fact that it has proved to be an unprofitable undertaking. It may be noted that it is impossible to copy-right any particular film in Japan. The trade mark of the producing or distributing company may be registered, however, and that action apparently serves to reduce piracy somewhat.

It is the general consensus among American film distributors that it is exceedingly difficult to secure satisfaction from the Japanese courts, litigation being featured by innumerable and costly delays. Hence, matters such as piracy are usually settled without benefit of the law and directly between the companies and individuals involved.

PRODUCTION -

The 1938 edition of the "Cinema Yearbook of Japan" reported that total production of features by Japanese companies during 1937 reached 574 including

365 talkies, 50 sound pictures, and 159 silent films. The following table summarizes output during the years 1934 to 1937, inclusive, as reported by this publication:

Feature Films Produced in Japan Proper, 1934-37

	<u>Talkie</u>	<u>Sound</u>	<u>Silent</u>	<u>Total</u>
1934.....	61	40	298	399
1935.....	133	133	178	444
1936.....	300	121	137	558
1937.....	335	50	159	574

The figures for 1937 are lower than those reported by the "Movie Times," Japanese monthly motion-picture magazine, in the April 1938 issue. This gave a total of 599 features, including 392 talkies, 14 sound films, and 193 silent films. In referring to production in previous years, however, the "Movie Times" gave a total of 558 for 1936 and 444 for 1935, which data check with those released by the "Cinema Yearbook of Japan," quoted in the foregoing table. All things considered, it is believed advisable to accept the figures presented by the "Cinema Yearbook."

The "Japan Advertiser," Tokyo, reported that the 1937 output of features by Japanese producers totaled 580, including 257 of the so-called "modern" type and 323 of the historical or classical type.

The hostilities in China caused a tremendous interest in production and exhibition of news reels. Mention has already been made of the fact that during 1937 the censors inspected a total of 21,863 prints of news reels. While corresponding data for 1933 are not available, it is possible that the number may have reached that impressive total, although after the fall of Hankow and Canton public interest in news reels of the China fighting slumped appreciably.

News reels in Japan are for the most part produced by news agencies or newspapers who supply them at little or no cost to the exhibitor. Hence, quantity rather than quality has usually been predominant. During 1937, a considerable number of small theaters were opened for the express purpose of showing news reels, each theater capable of seating only from 200 to 300 patrons. Early in January 1938, it was reported that the total number of theaters showing news reels exclusively was 60, but a subsequent report released in June placed the figure at 32. At the same time, however, it was stated that a total of 921 theaters showed news reels as supplementary to their main programs.

During 1937 and 1938 there was considerable activity in the production of educational films. Government agencies, newspapers, universities, and cultural associations as well as the motion-picture companies turned out this type of picture. During 1937, according to the 1938 edition of the "Cinema Yearbook of Japan", a total of 287 such pictures were produced, of which 232 were of the sound variety and 55 silent. According to subject, these films were: Army and

Navy - 49; tourism - 47; education - 45; industry - 33; documentary - 30; cartoons - 22; advertising - 19; sports - 9; manners and customs - 8; sanitation - 7; amusement - 6; science - 5; art - 3; politics and music - 3 each.

Corresponding data for 1938 are not yet available, but it is doubtful whether the 1937 mark was equaled, in view of film shortage. It will be noted that the majority of educational films turned out in Japan are made primarily for private distribution and that figures as to the lengths and subjects are difficult to obtain.

It has frequently been pointed out that Japan has the reputation of being the largest producer of motion pictures for home consumption in the world. This reputation has been built up by a "grinding out" policy of production, with quality of secondary consideration and decidedly inferior to that of American and European productions. In spite of the large meterage of film produced, Japanese producers cannot make sufficient quality feature films to supply the domestic market.

Contrary to expectations, the 13-month ban on imports of American and European features did not materially benefit domestic producers. Distributors of American films point out that the Japanese producers follow closely the latest American productions in order to obtain ideas for their own productions. It is even stated that the domestic producers are not averse to copying the essential details of the scenarios of American features and that on occasion they have even duplicated certain scenes of some pictures.

The average Japanese is an individual distinguished for his keen curiosity, his vivid interest in foreign customs, manners, and countries. This fact, in addition to the entertainment value of American films, has been largely responsible for the continued popularity of such films in the Japanese market. Japanese producers cannot provide the spice and variety of program offered by American, and to a lesser extent by European, producers. It is therefore believed that foreign pictures will continue to enjoy popularity in Japan even though their exhibition is on a restricted basis.

An important factor that handicapped domestic producers in enlarging their productive capacities during 1938 was the severe restriction on imports of raw film, of which that on negative film proved to be the most serious in view of limited local production. Practically the only producer of 35-mm. motion-picture film in Japan is the Fuji Photo Film Co., which received a total of Yen 1,200,000 in subsidies from the Japanese Government over a period of 6 years, the last annual payment of Yen 200,000 being made in the 1937-38 fiscal year ending March 31, 1938. This firm's products include a clear base panchromatic negative film, a positive film and a newly introduced sound-recording film. It is reliably estimated that this firm's monthly productive capacity of positive film is about 3,500,000 feet, while the corresponding total for negative film is about 100,000 feet a month. Opposed to these figures are the productive

capacity figures claimed by the Fuji Photo Film Co., which are 6,000,000 feet a month in the case of positive film and 300,000 feet a month in the case of negative film.

Prior to the adoption of the wartime economy by Japan and the enforcement of exchange and trade restrictions, demand for 35-mm. motion-picture film approximated 6,000,000 feet a month for regular positive film, about 1,000,000 feet a month for negative film, and about 1,000,000 feet a month for sound positive film. Since October 11, 1937, when the Emergency Trade Control Act was promulgated, it has become practically impossible to import regular positive film, although some permits have been granted for importation of sound film. Since picture negative film is not made locally to an extent sufficient to meet requirements, some permits for importation of such film have been granted. In the case of the leading supplying company (an American concern), the amount allowed importation during the first 9 months of 1938 was fully 90.5 percent below the corresponding total in 1937. As regards positive film, the amount allowed to be imported by this American concern during the first 9 months of 1938 was about 77 percent below the corresponding total in 1938.

In the case of imports from Germany, the other main supplying country, shipments of cine film to Japan, including both positive and negative, during the first 6 months of 1938 totaled 1,115,000 feet, against 11,726,000 during the same period of 1937, according to the German trade figures.

Having to depend to an increasing extent upon domestic film, the quality of which is below that of American and German film, the Japanese motion-picture companies are reported to be having considerable trouble in expanding their output. On the contrary, it seems reasonable to suppose that they are having difficulty even in maintaining past levels of production. Incidentally, it is reported that the newly introduced sound recording film of the Fuji Photo Films Co., has been so poor that it had to be taken off the market several times during 1938.

It is extremely difficult to present accurate figures covering capitalization of the Japanese motion-picture producing companies. On December 1, 1937, it was estimated that total paid-in capital of all companies may have approximated Yen 25,000,000, equal to \$7,250,000. The authorized capital is, of course, much larger. The "Cinema Year Book of Japan, 1936-37" gave the authorized capital of major companies at Yen 53,270,000, equal to about \$15,488,000.

Although there have been some shifts among companies during the past 12 months, the general capital position has not been materially affected, it is believed. Judged by American standards, it is obvious that the total paid-in capital available is decidedly on the low side. It may therefore be said that the industry is not well financed to undertake any important improvements in quality or increase in production of significant feature films.

The technique of Japanese producers continues to lag behind that of American and European producers. This weakness is appreciated not only by the producers themselves but also by official entities interested in having the projected motion-picture-industry control law passed by the next session of the

Diet during the early part of 1939.

Several years ago certain American distributors experimented with "dubbing" American films in the Japanese language. The general result was apparently so incongruous to Japanese audiences as to prevent any further experiments of this nature.

The Japanese language is predominant in Japan, although the numbers of Japanese who speak and understand English is steadily increasing. Although a limited number of Japanese have also acquired a working knowledge of German in the past, interest in all things German has reportedly stimulated further interest in studying the German language. Aside from English and German, few other foreign languages, with the possible exception of French, are used in Japan.

No regulations exist or are projected requiring the "dubbing" of foreign films in Japan. As previously indicated, the results obtained from experimental efforts were such as to discourage further attempts at "dubbing."

The Japanese Government does not directly subsidize the domestic producing industry, although financial assistance has been given in the production of certain films of a propaganda nature designed for domestic consumption or for exhibition abroad. Subsidies have been granted, however, for the development of domestic film production, a total of Yen 1,200,000 have been given to the Fuji Photo Film Co.

It is possible that the projected motion-picture-industry control law may contain provisions calling for the grant of subsidies to domestic producers of specified films. The most reliable information available concerning total investment in the Japanese motion-picture industry, including production, distribution, and exhibition, is that contained in the "Cinema Year Book of Japan, 1936-1937". According to this source, the total amount of money invested in the motion-picture and theatrical business in Japan during the early part of 1937 approximated Yen 500,000,000, equal to about \$145,000,000, of which about Yen 420,000,000 or \$121,800,000 was invested in the motion-picture business.

In view of the fact that no material changes have taken place since then, it is believed that the foregoing figures are still representative of the industry as at the end of 1938. It is possible, however, that a gain of about 5 percent may have been made.

TAXES -

Effective April 1, 1938, a special admission tax was put into effect. The tax, amounting to 10 percent, is 2 sen for admission tickets priced from 23 to 29 sen; 3 sen for tickets of 30 to 39 sen; 4 sen for tickets of 40 to 49 sen, and so on. Tickets of less than 23 sen are exempt from this tax. This 10 percent amusement tax was put into effect as part of the special "China Inci-

dent" tax program.

All other taxes on theater admission, representing city and prefectural taxes, continue to be moderate and during 1933 approximated only 2 percent of gross receipts, the position showing no change from 1937. The taxes and methods of assessments vary from city to city.

Prior to August 1937, the taxes on imports of foreign films amounted to 11.13 yen per kin (1 kin equals 1.323 pounds). Since August 1937, however, an additional 20 percent ad valorem commodity tax has been assessed, this tax being collected on an arbitrary valuation fixed by the Finance Ministry, amounting to 65 yen per kin in the case of black and white prints and 95 yen in the case of colored prints.

In the spring of 1938 the taxes on imports of films were altered somewhat, the net result being a moderate decline. The regular 11.13 yen per kin tax was retained, but the special commodity tax was changed to 15 percent. At the same time, the arbitrary valuations fixed by the Finance Ministry were also decreased to 45 yen in the case of black and white prints and to 90 yen in the case of colored prints.

Of possible interest in connection with the method of collecting these taxes is the following typical example cited by an American distributor. The film in question was a one-reel black-and-white print having a weight of 3.33 kin. The regular import duty of 11.13 yen per kin was paid, this amounting to 37.73 yen. The method of assessing the remainder of the tax is rather unique. By multiplying the 45 yen by 3.33 a figure of 149.85 was derived. To this was added the above mentioned tax of 37.73 yen, making a total of 187.58 yen. On this amount the special commodity tax of 15 percent was collected, amounting to 28.14 yen. Accordingly, the total tax paid amounted to 65.51 yen.

Taxes paid by distributors during 1937 showed considerable advance over preceding years, and it is reported that the taxes for 1938, which will be paid during the closing months of 1939, will show still further increases. The main reason for the substantial advance in taxes is the necessity on the part of the Japanese Government to secure funds for carrying on the fighting in China and maintenance of wartime economy generally.

On 1937 earnings, seven separate and distinct national taxes are being paid in addition to several prefectural and city taxes. On an average and depending largely upon the paid-in capital of the distributing company established in Japan, American distributors in 1938 will pay almost 50 percent of 1937 net profits to the Finance Ministry as taxes.

Heading the list of national taxes is (1) the regular business income tax amounting to 20 percent of net profits. The next tax is (2) the graduated income tax which is assessed on a sliding scale as follows: 4 percent on net profits exceeding 10 percent of paid-in capital, 10 percent on net profits exceeding 20 percent of paid-in capital, and 20 percent on net profits exceed-

ing 30 percent or more of paid-in capital.

Then there is (3) the flat income tax of 10 percent of the amounts paid during the 2 preceding tax years. The (4) emergency income tax of 15 percent is collected on any excess of 1937 net profits over average net profits realized during 1929 to 1931 inclusive. Next is the (5) special emergency income tax which amounts to 15 percent of the preceding tax. The national business-profits tax (6) amounts to 4 percent of net profits, while the final national tax is (7) the regular capital tax which amounts to 0.1 percent of paid-in capital.

In addition to the foregoing national taxes there are several appreciable taxes collected by the Finance Ministry on behalf of prefectures and municipalities. On the national income taxes designated as (1) and (2) in the foregoing paragraphs about 45 percent additional of the taxes paid is assessed as taxes for prefectures and municipalities. Then too, a business-profits tax of 5.865 percent of net profits is collected for prefectures and municipalities, this being in addition to the 4 percent national business-profits tax. For 1938 taxes, however, the last-named tax will be increased to 6.9 percent.

Several distributors are reported to be having difficulty over payments of the 1937 taxes. In the case of these distributors, the Finance Ministry is arbitrarily estimating net profits as equal to 10 percent of the paid-in capital. For instance, if the paid-in capital amounts to Yen 500,000, then Yen 50,000 is the amount assumed to be the net profit, and all of the foregoing taxes are assessed on that figure. One distributor claims that this method of assessing taxes will result in his company being obliged to pay from three to four times the amount likely to have been paid under the regular system. The distributors whose taxes are being assessed on this method are said to be paying under protest, the matter now being reviewed by the board of appeals of the Finance Ministry.

THEATERS -

According to a report released by the Department of Home Affairs, the total number of theaters in Japan Proper at the end of 1937 was 1,749, an increase of 122 from the total of 1,627 reported at the end of 1936. The theaters showing Japanese films exclusively numbered 1,234 as compared with 1,130 at the end of 1936, while the number showing foreign films exclusively was only 49, against 64 at the end of 1936. The number showing both Japanese and foreign pictures, however, gained from 433 at the end of 1936 to 466 at the end of 1937.

The number of new theaters constructed during 1937 (122) was the largest annual total since 1930, when 130 were built. According to a report attributed to the Department of Home Affairs, during the years from 1927 to 1937, inclusive, the total number of new theaters built averaged 66 a year, or a total of 693. Following are the number constructed during this period: 1927 - 115; 1928 - 97; 1929 - 1; 1930 - 130; 1931 - 52; 1932 - 8; 1933 - 38; 1934 - 40; 1935 - 48; 1936 - 41; and 1937 - 122.

During 1938 new theater construction was limited to about 20 or 30 small buildings with seating capacity of about 250 each, most of these being news reel theaters. The building restrictions effectively prevented the construction of any new significant theaters.

Mention has been made of the great difficulty in obtaining accurate figures covering the number of theaters wired for sound, mainly because of the fact that the American distributors in this market are not interested in the hundreds of small theaters which show Japanese films exclusively and which are either owned or controlled by the several large Japanese producing companies. It was assumed that at the end of 1937 about 85 percent of all theaters were wired for sound, and it is possible that this figure has been increased to 87 to 90 percent during 1938.

Because of the fact that no accurate records are made of the seating capacity of theaters in Japan it is impossible to make any definite statement on this point. The position is complicated by the fact that practically all houses, particularly in the smaller cities and in the rural districts, have appreciable amounts of space sold as standing room. It is estimated, however, that the total seating capacity of all houses at the end of 1938 exceeded 1,000,000 and that between 100,000 and 200,000 additional persons may be accommodated in the standing-room sections.

The types of films best liked by Japanese audiences are not necessarily those which they are allowed to see, owing to the strict censorship over certain kinds of films. Mention has been made of the more strict censorship being enforced as the result of Japan's wartime economy, and the trend now is toward a more serious and educational type of picture. Musical revues have heretofore been very popular, but they are now frowned upon by the censor's office as being inappropriate at present.

One of the most successful box-office attractions during 1938 was built about an American juvenile actress, with a pleasing singing voice and personality, and a symphony orchestra. In general, it may be said that good music is being much more appreciated now in Japan than was the case several years ago, and this trend has resulted in several fine American productions enjoying nation-wide popularity.

As regards foreign pictures generally, Japanese audiences appreciate those of high entertainment value as a means of forgetting for a time their local affairs and the more serious aspects of present-day life in Japan. Films of a frivolous nature, however, are not favored and, in fact, are frowned upon by the censor's office. Foreign features of the problem type are not generally successful, because of the inability of the Japanese to understand the dialogue and Western psychology.

Concerning the domestic productions, the trend has been in the direction of a more nationalistic type of picture, stressing patriotism, devotion to duty

(whether at the front or "behind the gun" at home), and the more stern aspects of the Japanese national character. Films dealing with Japan's so-called "mission" to the Chinese people have appeared, as well as others of a propaganda nature more or less glorifying Japanese activities in Manchuria and China. Presumably some of these films were suggested by the Japanese Government, although the producers have reportedly been quick to fall in step with the times.

The average admission price in Japan ranges from 15 to 20 sen per person. It is estimated that about half of the theater tickets bought are exempt from the 10 percent amusement tax put into effect on April 1, 1938, on tickets of 23 sen and up.

Some 245,616,830 individuals visited motion-picture theaters in Japan during 1937, according to the Department of Home Affairs. The same Department previously reported attendance in 1936 at 202,658,784. Both figures are known to be incomplete, however, since they are based upon reports prepared by police in various cities and allegedly do not include individuals who bought standing-room tickets and those who saw pictures at public halls, temporary show places, and the like.

SOUND -

As previously indicated, accurate figures covering the number of theaters wired for sound are not available. It is assumed, however, that by the end of 1938 between 87 and 90 percent of all theaters in Japan Proper were wired for sound - which would approximate 1,574 theaters.

The majority of the wired houses have Japanese equipment, although an appreciable number have equipment made in Japan either by branch factories of American concerns or under patents obtained from American companies. Since October 11, 1937, when the Emergency Trade Control Act put was into effect, no import and exchange permits have reportedly been given for the importation of theater equipment of any type except in very isolated instances. For all practical purposes it may be said that no motion-picture equipment can now be imported into Japan.

EDUCATIONAL FILM DEVELOPMENTS -

The use of educational film for teaching purposes is fairly widespread in Japan, particularly in the colleges and universities. Even the so-called middle schools occasionally make use of such film. The Department of Education is fully aware of the importance of using educational film for teaching purposes and has done much to encourage the domestic production of such films.

According to information obtained from the leading distributor of foreign and domestic 16-mm. educational film, it has become practically impossible, save under very exceptional circumstances, to import such film since October 11, 1937. At the same time, the importation of equipment was prohibited.

It has been reliably reported that in the small villages and towns in the rural sections of Japan, theater owners are becoming interested in the possibilities of showing releases on 16-mm. films. Although at present there are only one or two such theaters, this promises to be important in the future. Reasons for this include the decreased cost of equipment and pictures, as well as the fact that the projection of 16-mm. safety film does not require halls of fireproof construction. This venture will not be an immediate success, because of the present shortage of 16-mm. film and also because the motion-picture companies will have to be won over to the idea of making 16-mm. prints. The fact that there are two locally manufactured 16-mm. projectors is an encouragement to those interested.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	1,413,258	\$ 23,617
Negative Sound.....	7,141	\$ 249
1937 - Positive Sound.....	3,285,669	\$ 70,111
Negative Sound.....	197,104	\$ 2,705

* * *

NETHERLANDS INDIES

LEGISLATION -

There are no laws in the Netherlands Indies interfering with the free movement of foreign exchange, giving other foreign films or local films preference over American pictures, or establishing quotas or contingents; neither is there any legislation in contemplation which might interfere in any of the foregoing ways with the free exhibition of American films. The only legislation that exerts an adverse influence on the motion-picture trade in the Netherlands Indies consists of the high-tax laws.

CENSORSHIP -

Censorship of all films shown in the Netherlands Indies takes place in Batavia, by the Film Censorship Commission. Censorship is considered strict but is not generally thought to be unreasonably so. The chief subjects objected to by the Commission have continued to be undue violence, cruelty, religious differences, strikes and all scenes of labor or social unrest, as well as those dealing with narcotics and corrupt public administration. Murder is not objected to as such, if it forms a necessary part of the story, but actual scenes of killings, especially those showing such acts in considerable detail, are very often eliminated and may affect the Commission's decision on

the film as a whole. The Commission's attitude toward sex continues relatively strict, but, since the inauguration of the Production Code in the United States very few American films have been rejected on the score of sex.

No agreements are in force with other countries whereby films considered objectionable by friendly countries are banned, but it sometimes occurs that a film is rejected or cut by the Commission on the protest of the representative of a foreign power.

During the first 9 months of 1938, 1,323,826 meters of film were passed on by the Netherlands Indian Film Censorship Commission, out of which 1,001,421 meters were passed for general exhibition, 277,648 meters were passed for exhibition to adults only, and 44,757 meters, or 3.3 percent of the total, were banned. The commission reviewed 843,869 meters of American film during January-September, 1938, passing 637,554 meters, or 75.5 percent for general exhibition, 191,370 meters (22.8 percent) for showing to adults only, and rejected only 14,945 meters, or 1.7 percent. The percentage of American footage rejected compares favorably with the general average, and has shown a steady decrease in recent years, the 1938 percentage of rejection figures constituting a new low record for American film brought into the Netherlands Indies. The percentage of American film banned was 12 percent in 1933, 10 percent in 1934, 5 percent in 1935, 4 percent in 1936, 3 percent in 1937, and, as indicated, only 1.7 percent in the first 9 months of 1938.

Five American feature films were banned during the first 9 months of 1938; one was a very old silent picture which was rejected for salaciousness, the remaining four being banned because of the number of scenes in them portraying gun-play or other violence.

COMPETITION -

The United States continues to obtain approximately two-thirds of the total market for films in the Netherlands Indies, the closest competitors of American films being Chinese pictures, which are, however, shown to a great extent in houses catering almost exclusively to Chinese audiences. Chinese pictures are, therefore, not strictly in the same competitive field with American ones, although they do take up playing time in small Chinese theaters that might otherwise be filled by American films.

The third country in importance as a source of supply of films shown in the Netherlands Indies is Germany, although German pictures have lost a considerable amount of their popularity in recent years. The table below shows the amount of film reviewed by the Netherlands Indian Film Censorship Commission during the first 9 months of 1938, together with the amount during the year 1937 as a whole, by countries of origin. As will be noted, comparatively few changes have taken place during 1938 over 1937 in the percentages of films originating in the various countries, although the number of Chinese films, despite the Sino-Japanese hostilities and contrary to expectations, showed an

increase over 1937. The following figures accurately show the amount of film brought into the Netherlands Indies for exhibition, since all such film must be passed on by the Commission, but the statistics will not always necessarily agree with customs figures.

Film Reviewed by Netherlands Indian Film Censorship Commission

	January - September 1938		1937 (12 months)	
	Meters of film	Percent of total	Meters of film	Percent of total
U. S.....	843,869	63.7%	1,053,213	64.5%
China.....	194,417	14.7%	165,504	10.1%
Germany.....	92,406	7.0%	114,973	7.0%
Netherlands....	54,974	4.1%	51,926	3.2%
Gr.Britain.....	51,869	3.9%	74,877	4.5%
France.....	36,163	2.7%	56,053	3.4%
British India	23,463	1.7%	19,152	1.1%
Neth.Indies....	11,426	0.9%	67,778	4.1%
Total film reviewed(*)..	1,323,826	100.0%	1,640,404	100.0%

(*) Including miscellaneous.

The gain by Netherlands films was chiefly attributable to the release in September 1938 of two films for showing in connection with the 40th anniversary of the coronation of Queen Wilhelmina, and the drop in the amount of the Netherlands Indian film was due to the cessation during the early part of 1938 of the activities of the ANIF, a local concern engaged in the making of weekly news-reel and documentary films concerning the Netherlands Indies. Apart from the Chinese gain mentioned above, no other significant changes took place in the sources of supply of films shown locally as compared with 1937.

American films are popular, no prejudice whatever exists against them, and they have held their share of approximately two-thirds of the total market for a number of years. While there should be no reason for a drop in the percentage of the total supplied by the United States in the future, it would be difficult for American pictures to increase their share of the market, because of the natural preference of certain of the population groups, such as the Chinese and British Indians, for films made in their own languages. As long as a certain number of high-grade films are supplied each year from European countries, a certain percentage of all prints are bound to originate in those countries; Netherlands films have a natural appeal, although lack of production facilities and technical imperfection would prevent the Netherlands film industry from increasing its share locally to any great extent. German, French, and British films obtain most of their returns from the larger cities, American films being by far the most popular in the rural districts.

COPYRIGHT RELATIONS -

Laws of the Netherlands apply and give adequate copyright protection.

PRODUCTION -

During most of 1938, no local production at all took place, the ANIF (Algemeen Ned.-Ind. Filmsyndicaat or General Netherlands Indian Film Syndicate) having gone into liquidation during the early part of the year. The ANIF made only one feature picture during its existence, and its lack of success with its news and documentary films will probably discourage any further local production for some time to come, although periodic reports appear in the local press concerning proposals to form a new company. It has been announced that plans are under way for the local production during early 1939 of several short publicity films concerning the Netherlands Indies under the supervision of the Department of Economic Affairs, but these are to be made either by an American or Netherlands picture producing company, the producer not having yet been decided upon.

Apart from the appropriation necessary for the above publicity films, no financial encouragement is planned by the government for local production, neither have any subsidies been granted in the past.

TAXES -

Taxation affecting the motion-picture trade in the Netherlands Indies is considered high, the first type of assessment being the regular corporation net-profits tax of 20 percent levied on all companies operating in the Netherlands Indies - which local distributing branches of foreign film companies must pay. In the assessment of the 20 percent net-profits tax, the government assumes the year's profit of a local film distributor to be in the same proportion to the producing company's total profits as the local sales are to the producing company's total sales. If the Netherlands Indian income from the distribution of an American company's films is, for example, 2 percent of the company's income from world sales during a given year, local profits are assumed to be 2 percent of the company's total profit during the year. The tax authorities, consequently, must be shown the American producing company's balance sheet as well as that of the local distributing company.

More important is the high tax on box-office admission prices. This is levied by the various municipalities, not by the central government, and varies from 20 to 25 percent (and even 30 percent in a few cases) of the admission price of the ticket. Since the tax must be paid in advance, at the time of buying the tickets from the municipalities, and since there is no "low limit", these municipal taxes amount to taxes on gross box-office receipts. In addition, several cities levy almost prohibitive taxes on outdoor advertising, the motion-picture trade being one of the heaviest sufferers in this respect.

The high admission taxes, according to the trade, are responsible for keeping seat prices at levels which reduce attendance, while the outdoor advertising taxes make it difficult to reach the mass of the natives, who cannot be reached by newspaper and other types of advertising.

The duty on film entering the Netherlands Indies is f.15 (15 guilders) per 100 meters.

THEATERS -

There are probably 200 theaters available for motion-picture exhibition in the Netherlands Indies, but it is estimated that not more than about 170 were open during 1938. Accurate figures concerning the number of theaters in the Netherlands Indies are difficult to arrive at, since many "theaters" are nothing more than converted warehouses or barns. This also makes it impossible to estimate total seating capacity in the country, rural theaters merely using wooden benches in most cases. First-run houses in Batavia and other cities have seating capacities varying from 450 to 750, and most rural theaters can probably seat from 300 to 500 if necessary. Except for a few first-run houses in Batavia and the larger cities which cater only to the European rather than the native trade, admission prices start at f.0.10 or f.0.15 and range upward to between f.1.00 and f.1.80, depending on the house. The "European" theaters have no seats priced below f.0.60, the top price being usually f.1.80. Prices higher than f.1.20 are paid by only a very small section of the public, the bulk of Netherlands Indian audiences paying less than f.0.25.

The most popular films with native audiences, as well as with most of the European ones, are those containing a large amount of action. A high-grade film depending largely on dialogue, even if very successful in the United States, is usually a failure in the Netherlands Indies. Apart from the general requirement of action, the films best attended by natives are those dealing with tropical, jungle, or animal life or those designed primarily as thrillers of the fantastic type. Cheap pictures of the old "cowboy" type are not popular, however. European preference in the larger cities follows more or less that of American audiences, with the qualification mentioned above that there must not be too long periods of dialogue. In any event, it is the native and Chinese preference which must chiefly be taken into account, as European residents make up only a very small proportion of the total theatergoing public.

Gross box-office receipts for the entire country are impossible to estimate, as all admission taxes are municipal and amusement-tax returns of municipalities in the Outer Provinces are not available. Many Java municipalities publish entertainment-tax figures, but lack of returns from some centers makes it difficult to arrive at any accurate total. Total receipts from amusement taxes in the four principal cities of Java, namely Batavia, Surabaya, Bandoeng, and Semarang amounted during 1937 to f.578,426, and to f.468,680 during the first 9 months of 1938, so that, taking the amusement tax as 22 1/2 percent on the average, returns from all amusement admissions amounted in these four cities to f.2,568,200 in 1937 and f.2,076,250 in January-September, 1938. It is

estimated that approximately 70 percent of admission receipts are taken in at motion-picture theater box offices, the remainder being from fairs, native plays, and other amusements.

SOUND -

All but half a dozen of the 160-170 theaters open during 1938 were wired for sound. Any sound equipment sold would have to be for replacement purposes in those now wired. A number of makes of sound equipment are actively represented in the Netherlands Indies at present, and prospects of selling American equipment new to the market would depend on the price competitiveness of the equipment and the aggressiveness or familiarity with such apparatus of a local representative.

EDUCATIONAL FILM DEVELOPMENTS -

No films of this type are being used for educational purposes in the Netherlands Indies at present, so far as is known, and attempts of American and other foreign concerns to interest local firms in distributing such films or equipment for showing them have had little success. Some 16-mm. films and projectors are sold for private exhibition purposes, but the trade is chiefly in the hands of the distributors of one well-known make, and even this concern finds demand to be chiefly for the 8-mm. type.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	2,438,636	\$ 48,283
Negative Sound.....	—	\$ —
1937 - Positive Sound.....	3,282,910	\$ 60,405
Negative Sound.....	26,422	\$ 801

* * *

NEW ZEALAND

LEGISLATION -

There are no exchange restrictions in New Zealand which prevent or hamper payments abroad.

There are two ways in which New Zealand accords films produced in British Empire countries preferential treatment over those produced in the United States and other non-British countries namely, by quota requirements and preferential film-hire tax. These measures constitute the only preferential treatment given to films of any country.

The Cinematograph Films Act of 1928 provides that, for the years ended September 30, 1938, and September 30, 1939, 20 percent of the quota films shown by any exhibitor shall be British. This provision was interpreted in December 1937 to mean that 20 percent of the total time devoted to quota films shall be used for British quota films. Quota films do not include films less than 3,000 feet long, educational films, news reels, travelogues, and certain others. The same act also provides that for the year ended December 31, 1938, 20 percent of the number of registered quota films acquired by a distributor for his business must be British quota films. A distributor may be relieved of the necessity of complying with this quota, when such action will not hinder any exhibitor in complying with his quota. Since there have been adequate supplies of British quota films available in New Zealand, distributors have had little difficulty in obtaining exemptions.

Both the exhibitors' and distributors' quotas provided in the act expire on the last dates given in the preceding paragraph. Future quota provisions have not yet been announced and, so far as is known, the proposed percentages and provisions have not been determined. It is probable, however, that New Zealand will pattern its quota provisions after those adopted in England this year. If such proves to be the case and higher quotas are provided for British film, the American share of this market will be reduced accordingly.

Distributors must be licensed to do business and exhibitors must have licenses for the premises on which they show films. Itinerant exhibitors showing in a circuit of several towns may have as many as 10 separate premises included in one license.

CENSORSHIP -

All films, before being shown to the public, must be registered and approved by the censor. During the fiscal year ended March 31, 1938, the censor examined 2,166 films, of which 1,920 were passed for universal exhibition; 203 were passed and recommended as being more suitable for adults; 5 were passed with the caution that they were not suitable for children; 32 were passed subject to excisions; and 6 were rejected. More detailed figures, with the comparable ones for the previous year, are tabulated below:

FILMS EXAMINED					
<u>Fiscal years ending March 31</u>					
<u>1937</u> <u>1938</u>					
	<u>No.</u>	<u>Length (feet.)</u>		<u>No.</u>	<u>Length (feet.)</u>
Quota films from:					
Great Britain ..	90	)		93	)
Australia.....	6	)		3	)
Canada.....	0	)	708,890	1	) 721,220
New Zealand.....	2	)		0	)
France.....	1	)		0	)
	<u>338</u>	<u>2,419,240</u>		<u>408</u>	<u>2,889,510</u>
	437	3,128,130		505	3,610,730

Nonquota films:	<u>1937</u>		<u>1938</u>	
	<u>No.</u>	<u>Length (feet)</u>	<u>No.</u>	<u>Length(feet)</u>
British	427	427,340	463	428,410
Foreign	<u>1,077</u>	<u>1,091,340</u>	<u>1,198</u>	<u>1,210,810</u>
	1,504	1,518,680	1,661	1,639,220
Total films examined.....	1,941	4,646,810	2,166	5,249,950

ACTION OF CENSOR

Rejected:	<u>1937</u>	<u>1938</u>
	<u>No.</u>	<u>No.</u>
British quota film.....	4	3
American quota film....	0	3
American nonquota film	<u>1</u>	<u>0</u>
	5	6
Passed subject to excisions.....	38	32
Passed with caution as not suitable for children.....	5	5
Passed and recommended as more suitable for adults.....	178	203
Passed for universal exhibition..	<u>1,715</u>	<u>1,920</u>
Totals.....	1,941	2,166

No reasons concerning decisions of the censor are announced. The year ended March 31, 1938, however, is reported to be the third successive one during which no appeals have been taken against his decision. Censorship in this country is generally considered by distributors to be not too strict, and to be handled in a highly intelligent manner.

Section 5 (4) of the Cinematograph Films Act, 1938, provides that the censor shall not approve any film or part of a film which depicts matter contrary to the public order or decency or which would be contrary to the public interest. The determination of such matter is left to the judgment of the censor.

Basically, the English censorship code, modified to suit local conditions, is followed. In addition to the moral aspect of a picture or its parts, care should be taken with scenes which may be considered too brutal; which may be offensive to religious groups, in particular the Church of England, the Roman Catholic Church, and the Salvation Army; or which may offend British sentiment and ideas. Particular care should be taken to avoid reflection on any member of the Royal Family.

There are no censorship agreements with foreign countries, and protests by representatives of foreign countries against any film or part of it have in the past been treated on their merits.

COMPETITION -

Films from Great Britain offer the only serious competition which American pictures have to meet. Approximately 80 percent of the quota (feature) films shown in New Zealand are American. If the new quota regulations specify that the proportion of British feature films shown shall be higher than 20 percent, as appears to be likely, the American share of this market must necessarily drop.

Of the number of shorts and other nonquota films shown, approximately 70 percent are American.

American films, particularly the high-quality features, are generally well received in New Zealand. In spite of some natural preference for films depicting British life from a British viewpoint, first-class American features are more frequently held over for extended periods and generally exhibited for longer times.

COPYRIGHT RELATIONS -

The New Zealand copyright laws are believed to be adequate to protect foreign producers' copyrights. A complete summary of these laws is on file in the Commercial Laws Division, Bureau of Foreign and Domestic Commerce, Washington, D. C. There were no changes in this legislation during 1938.

PRODUCTION -

During 1938, there was one film produced by private interests in New Zealand. It was shown in only one theater in the country and immediately forgotten.

The only serious production of films in the country is undertaken by the Tourist and Publicity Department of the New Zealand Government. That Department has been engaged principally in the production of scenic and industrial shorts for publicity purposes. The photography and technique of these films, on the whole, has been satisfactory.

Under the present program the Department produces annually about 12 shorts for publicity purposes and 4 or 5 technical shorts for the Department of Agriculture and for use in the highway-safety campaign.

During early September, the Tourist and Publicity Department announced that it was beginning the production of an historical film of 5,000 to 6,000

depicting a century of development of New Zealand for use in connection with the Centennial Exhibition to be held in Wellington during 1940. The Department has acquired considerable additional equipment, mostly from the United States, for use in producing the film.

English is spoken throughout New Zealand, so there is no foreign-language problem. There have been a few American films shown here which did not "appeal" or which lost effectiveness because of the extensive use of slang and colloquial expressions. In general, however, New Zealanders have become acquainted with the more usual expressions employed in the United States, and understand them when they occur in films.

TAXES -

The taxes levied on the motion-picture industry in New Zealand are considered by distributors to be high.

There is no customs duty levied on imported film. A film-hire tax, however, based on the net receipts from film rentals is levied on and payable by the distributors. Net rentals are obtained from the gross receipts of distributors by deducting (1) $12\frac{1}{2}$ percent, representing the arbitrary amount upon which income tax is payable, and (2) the overhead and distribution costs. The amount of film hire tax levied is 25 percent of net rentals received for non-British films and 10 percent of net rentals received for American films.

Twelve and one-half percent of gross film rentals received by a distributor is subject to New Zealand income tax at graduated rates varying from 5 to $37\frac{1}{2}$ percent, depending upon the amount of taxable income.

Annual license fees are payable by exhibitors, distributors, and persons authorized to store film. Exhibitors' license fees range from 10s. (approximately \$2) per annum for places where films are shown, on an average, not more often than once a week, to £4 (approximately \$16) for certain theaters in the four main cities. Distributors' licenses cost £2 (approximately \$8) when 12 or fewer quota films are required during the year, and otherwise £5 (approximately \$20). License fees for storage places are 5s. (approximately \$1) for less than 100,000 feet of film, and otherwise £1 (approximately \$4) per year.

There are also fees payable for the registration and examination by the censor of each film. The former is a nominal one of 10s. (approximately \$2) for films over 3,000 feet long and 1s. (approximately \$0.20) for shorts. The examination fee is based on the length of the film. The first 1,000 feet cost 5s. (approximately \$1), and each subsequent 500 feet or part thereof cost 2s. 6d. (approximately \$0.50). Trailers of less than 300 feet are charged a flat rate of 1s. (approximately \$0.20).

THEATERS -

During the year ended September 30, 1937, there were issued 427 exhibitors' licenses for theaters and 42 circuit licenses. Assuming an average of 7 places of exhibition on each circuit, there would be a grand total of 721 places in New Zealand where the showing of motion-picture films to the public was authorized. The number of exhibitors' licenses (i.e., 427), however, closely approximates the number of places which can be classified as motion-picture theaters. Each hall on a circuit has motion-picture shows in it on an average of only once a week, the remainder of the week being devoted to other pursuits.

The 427 motion-picture theaters have a total seating capacity of approximately 280,000. The halls used for motion pictures in the circuit towns have a seating capacity in the neighborhood of 97,000.

There is a minimum admission price for motion-picture shows of 1s. (approximately \$0.20). The maximum is about 2s. 3d. (approximately \$0.45), with a few seats in the main cities selling as high as 3s. 2d. (approximately \$0.63). An estimated average admission price is 1s. 6d. (approximately \$0.30).

New Zealand audiences are receptive to a wide variety of films. Musical films with star appeal, musical revues, comedies, Western pictures, and dramas have all been popular during the year. The musical films with star appeal and the better-class sophisticated light comedies appear to have been most popular during the current year and have enjoyed the longest runs.

Accurate figures showing gross annual income of motion-picture theaters in New Zealand are not available. An estimate of gross receipts of exhibitors during the past year, however, is N.Z.£1,800,000 (approximately \$7,200,000).

SOUND -

All New Zealand theaters are wired for sound. The market for American sound equipment is limited to those theaters with sufficient incomes to justify the higher expenditures required for the superior equipment. A large number of these theaters are already equipped with the latest types of American apparatus.

EDUCATIONAL FILM DEVELOPMENTS -

There is a market for 16-mm. educational films in New Zealand. Interested companies should address the Director of Education, Education Department, Government Buildings, Wellington. While the actual arrangements will probably be handled by the 9 school boards in the Dominion, the Director of Education is assembling information concerning educational films available for the use of the boards. It is probable that the various boards will confer with the Education Department before using any particular film. The Education Department has experienced considerable difficulty in locating sources of educational films, particularly those which the schools can afford to use. In this connection,

at present 16-mm. films in use can be shown 2,000 times at a cost of 2s. 6d. to 2s. 9d. (approximately \$0.50 to \$0.55) per reel per day.

There are about 60 schools in the Dominion equipped with motion-picture projectors, all but a very few of which are for 16-mm. film. It is understood that projectors are being purchased through the Education Department, but it is not known whether more purchases are contemplated at present. The cost of motion-picture equipment has developed an interest in the much cheaper equipment for use with film strips composed of a series of 20 to 100 still pictures.

In addition to the school projectors, the New Zealand Department of Agriculture has some 16-mm. projectors and is acquiring technical films for its use, and a plan has been suggested whereby projectors and films can be made available to hospitals.

Educational institutions are thinking along the lines of "visual education" as a means of teaching, and are also considering developing courses to promote a critical appreciation of the commercial films by students in the schools.

IMPORTS FROM UNITED STATES

	Feet	Value
1938 - Positive Sound.....	4,147,964	\$ 78,449
Negative Sound.....	9,000	\$ 66
1937 - Positive Sound.....	3,675,238	\$ 74,953
Negative Sound.....	53,243	\$ 2,445

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PHILIPPINE ISLANDS

LEGISLATION -

There are no laws prohibiting foreign exchange, and there have been no changes in this respect during the past few years. American films enjoy full privileges in this market, and there are no quota or contingent laws. There is no legislation contemplated which would reduce or prevent American distribution of motion pictures, nor does it seem probable that any laws will be passed which would require that a percentage of domestic films be shown on each theater program.

CENSORSHIP -

The Philippine Board of Censorship during 1938 reviewed 1,799 films, of which 1,732 were American and 67 Philippine. During 1937, the Board reviewed

1,867 films, with an aggregate length of 5,728,000 feet, representing increases of 218 in number and 748,000 in footage as compared with 1936. Of the films reviewed in 1937, 1,704 were American, 36 Filipino, 24 Japanese, 62 Chinese, 20 British, 10 Spanish, 5 Russian, 3 Mexican, 2 from New Zealand, and 1 Argentinian. These figures are based upon the annual report of the Philippine Board of Censorship and include only the films actually approved by the Board. Similarly, the footage figure excludes all rejected films or those from which parts were excluded; in other words, it includes only the actual footage of films approved. Six films were disapproved in their entirety for the following reasons: Corruption of youth, sex perversion, etc., communistic propaganda, illegal drug traffic, sensational crime.

Eliminations totaled 1,626 feet from 13 films. The reason for eliminations were as follows: Getting rid of lone witness by means of time bomb, disrespect to religion, indecent exposure, parts unnecessary to films, repellent subjects representing brutality, etc., two scenes regarding electric chair, conduct unbecoming an Army officer, exciting too much sensuality, certain parts of love scenes too long and improper, certain parts not proper - casting bad reflection on religion, unnecessary suggestiveness and vulgar conversation.

The local Board of Censorship continued to follow the code adopted by the Motion Picture Producers of America as the official standard for judging and censoring pictures in the Philippines. In general, the censorship is not severe, and eliminations have been very small.

There are no agreements with other countries to bar films which are considered objectionable, on protest by a friendly country and vice versa.

COMPETITION -

Of the films reviewed in 1937, 90 percent were American, 3 percent Chinese, and 2 percent Filipino. However, these comparisons are based on a number basis and do not adequately indicate the extent of the competition. Actually, the domestic films were a very important competitor of American films during the year. Indications are that during 1938, domestic competition was even more important, such films securing a very substantial part of the first-run business. There is little doubt that the local films are gaining in popularity, and some American distributors consider that they are even more popular than American films. It is impossible to obtain any accurate information concerning the American percentage of the total number of films shown. On a number basis, American films undoubtedly predominate, possibly up to the 90 percent indicated by the censorship figures. On a basis of actual returns from exhibition, the American percentage is very much smaller. American films are generally very popular, although they may not be quite so popular as the domestic films at present.

COPYRIGHT RELATIONS -

The laws covering protection of copyrights are exactly the same as those obtaining in the United States.

PRODUCTION -

Trade estimates indicate that between 50 and 60 domestic films were produced in 1938. Local production facilities have improved very materially, and producers now have a very good equipment, although their technique is not up to American standards. It is believed that the industry is fairly well financed and moderately profitable at present.

There is no objection to American films dubbed in Tagalog, but experimental showings of such pictures in first-run theaters have not been successful, and the practice has been abandoned. It is not necessary for foreign films to be dubbed in the Philippines, but this might be advisable for sound films in other than the English language. The predominant language of the country is unquestionably Tagalog, so far as the showing of motion-picture films is concerned. However, most of the population understand English thoroughly.

The Government does not subsidize or render any direct or indirect assistance to the domestic motion-picture industry. It is impossible to obtain any accurate information concerning the total investment in the motion-picture industry, and trade estimates show such enormous variations that they seem entirely worthless.

TAXES -

Municipal taxes on theaters vary, the highest being 1,800 pesos a year for a license of a first-run theater in Manila. There is an admission tax of 5 percent on total admission receipts of theaters selling tickets for over 40 centavos. Proprietors of such theaters have objected to this tax as discriminatory, since they must pay it on all admissions, whether over or under 40 centavos, whereas theaters which have no tickets selling for over 40 centavos pay no admission tax. The tax has been passed on to the public, however, and there is no apparent intention of contesting it. There is an excise tax of 3 centavos per linear meter on all films, imported and domestic. Foreign films pay a duty of 35 percent ad valorem, but this does not apply to American films.

THEATERS -

There were 258 theaters in the Philippine Islands at the end of June, 1938. Of the total, 6 are first-run theaters, all in Manila. Accurate details concerning seating capacity cannot be obtained. The first-run theaters seat from 800 to 1,600, while the general average for the islands is estimated at about 500 per theater, which would give a total for the islands of approximately 130,000.

First-run Manila theaters charge 0.55 to 1.65 pesos. The better theaters in Baguio, Iloilo, Cebu, and Davao charge 0.35 to 1.05 pesos. There are not more than 25 theaters charging more than 40 centavos admission, however, the usual rate being 15 to 20 centavos for the cheaper seats and 30 to 40 centavos for the better seats.

Native audiences like practically all types of films, but are specially fond of westerns, thrillers, and animal pictures.

SOUND -

Exact information is not available concerning the number of theaters wired for sound. Competent trade opinion, however, is to the effect that practically all of the 258 theaters now have sound equipment of some sort. The prospects for the sale of sound equipment are not particularly good. Sales have been confined principally to the new theaters being constructed in various cities and to the installations of modern sound equipment in a few older theaters whose present equipment is obsolete. Apparently, there are very few important theaters being constructed at present, the only noteworthy ones being the Avenue Theater in Manila, which will be a first-run house costing approximately 1,000,000 pesos. Also, a very fine modern theater was recently completed in Iloilo.

EDUCATIONAL FILM DEVELOPMENTS -

There appears to be practically no market in the Philippines for educational motion-picture films and equipment. One of the large universities has experimented with the use of this type of film for teaching purposes, but these experiments have not been particularly successful and the project has been abandoned because of the high price of the equipment and of the film. It appears that some institutions are still considering the use of educational films, but it is very doubtful whether they will be generally adopted within the next few years.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	4,412,063	\$ 88,107
Negative Sound.....	51,040	\$ 286
1937 - Positive Sound.....	4,362,631	\$ 88,899
Negative Sound.....	33,319	\$ 807

SIAM

LEGISLATION -

There are no laws in Siam prohibiting foreign-exchange transactions, nor are there any laws giving the films of other countries preference over those produced in the United States.

There are no quota or contingent laws in effect and, so far as is known, none are contemplated, and so far as is known no laws are in effect that might reduce or prevent American distribution of motion pictures.

CENSORSHIP -

It is estimated that about 400 films were censored in 1937. Information for 1938 is not as yet available. It is believed by one well posted in the industry in Siam that not more than 1-1/2 percent of the films brought before the censors are rejected. This is thought by some to be a rather low estimate.

Data as to the percentage of American films that have been rejected are not yet available, but this is considered to be low, as censorship is not strict.

COMPETITION -

There are no large competitors of American films. Of all the films shown in Siam, not less than 95 percent are American. American films are very well received, and some of them bring in more money than Siamese productions. The chief reason for the wider appeal of the Siamese pictures is that they are well understood. If dubbing, or even subtitling on the screen or near it, were used, foreign-language films, and in fact motion pictures in general, would be more popular and the market for them in Siam greater.

COPYRIGHT RELATIONS -

There is no copyright law in Siam.

PRODUCTION -

About 6 domestic sound films and 4 silent films were produced in Siam in 1938. Production facilities are adequate for the production of such a small number of films. The industry is not very well financed, and the technique does not compare with American films. The Government does not subsidize or render assistance in the fostering of the domestic motion-picture industry.

Not only is there no objection to American films "dubbed" in Siamese but dubbing would be very welcome. The predominant language of the country is Siamese, and foreign films may be dubbed in Siam though it is not obligatory.

TAXES -

Taxation is rather high. The import duty on 35-millimeter motion-picture film is Baht 1.00 (about US\$0.45) per 100 linear feet of length, or Baht 4.51 (about US\$2.03) per kilogram by weight. The censorship fee is Baht 1.50 (about US\$0.68) per 100 meters of length. There are no special taxes on film distributors or theaters. They are subject to the usual taxes levied on business undertakings.

THEATERS -

There are about 80 theaters in the country, having a total seating capacity of about 70,000.

The minimum admission price is 5 satangs (\$0.02), the maximum Baht 2.00 (\$0.90). The average is between 10 and 40 satangs (\$0.045 and \$0.18). Up-country audiences prefer action and comedy films. The types of films which are received best in Bangkok are stated to be historical films with action, splendor, and romance, or horror films such as "The Mystery of the Wax Museum."

SOUND -

There are about 60 theaters in Siam wired for sound, and the prospects of selling sound equipment to those theaters that are unwired are not very good, as locally assembled sound equipment is available for installation at a very cheap price and Siam is, above all, a "price market".

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TAIWAN

LEGISLATION -

The most important legislation affecting the importation of foreign films is the continued virtual prohibition of imports of foreign films effective since October 1937. It is not likely that this import embargo will be lifted in the near future. Foreign films are still being distributed in Taiwan from stocks on hand in Japan Proper or from reproductions made there.

CENSORSHIP -

It is locally estimated that approximately 630 films were censored in Taiwan during the first 9 months of this year, of which four films were rejected.

Taiwan censorship is generally not strict, since most of the films locally exhibited have been already subject to censorship in Japan Proper. Foreign films, except for those formerly imported directly from Shanghai, are all ob-

tained through agencies in Japan Proper and distributed to theaters in Taiwan by local distributors. Japanese films produced and censored in Japan Proper are again censored in Taiwan before local exhibition.

However, in films showing revolution, flouting of authority, crime, gambling, and too ardent love making, censorship is very strict and cutting heavy. Kissing scenes are usually cut in such manner that a ridiculous effect is produced. The reason for such strict censorship is the difference in customs and the responsibility felt by the Japanese authorities for the morals and behavior of the large Formosan Chinese population (95 percent of the 5,600,000 inhabitants) and the Formosan aborigines in Taiwan. Since Taiwan is a Japanese colony, every precaution is taken against any incentive to revolution.

COMPETITION -

Japanese films lead in the number shown, but, of imported films, American pictures are in greatest demand, being about 20 percent of the total shown. At present, following Japanese and American films, come German, French, Italian, and British, in order of popularity. Chinese films imported from Shanghai have enjoyed popularity in the past among Formosan Chinese, but these shows have been prohibited since the outbreak of the "China Incident" in July, 1937. American films in stock in Japan are understood to be nearly exhausted, although there are still stocks of European films on hand. Unless new American films are imported (an impossibility at present without a special arrangement), there will soon be no more unshown American films available for local exhibition. New European releases are already growing in favor over American repeats.

American films are generally well received by all movie goers, while Formosan Chinese, who constitute the bulk of the population, are said to prefer American to Japanese films.

COPYRIGHT RELATIONS -

Same as in Japan Proper.

PRODUCTION -

During 1938, two feature films were produced in Taiwan by Dai Ichi Kogyo Koshi, Taihei-cho, Taihoku. One of the two films was entitled "Honor of Being a Formosan Chinese Army Coolie." and showed how honorable it is to be drafted into the army as a coolie. The other, with a Formosan Chinese cast, showed Formosan life and customs and contained popular Formosan Chinese songs.

During the first 9 months of this year the Taiwan Nichi Nichi Shimpō Sha (newspaper), Taihoku, produced approximately 100 news reels, mostly concerning the hostilities in China.

The news and educational film industry is sufficiently financed, but the feature film industry is not. Production facilities are inadequate, with

photography done locally and sound recording produced in Japan Proper. Technique can by no means be compared to that of American films.

While it is not compulsory that foreign films be "dubbed," there is no objection to "dubbing" in the Japanese language.

TAXES -

Theater taxes are imposed as follows:

Provincial tax of Yen 1.50 per Yen 100 of gross daily income of theaters.

City tax of 3 percent on the Yen 1.50 tax.

City planning tax of 0.5 percent on the 3 percent city tax.

In addition a business tax, income tax, household tax, and other taxes at various rates are imposed on distributors.

A "China-Incident emergency tax" is also imposed at the rate of 5 percent of admission charges.

Import duty on films:

Import Tariff No. 636:

2. Developed including inner packings, Yen 11.13 per kin (1.32277 lbs).

THEATERS -

There are 41 motion-picture theaters in all Taiwan, with a total seating capacity of 32,800. Admission prices range from 10 sen to Yen 1.50. At the Kokusai Kan, Taihoku, Taiwan, reputedly the best movie theater in Taiwan, and the main showhouse of foreign films, admission is 50 sen for an ordinary seat and Yen 1.00 for a special seat, except on special occasions when the prices are raised. In other theaters, the admission is divided generally into three classes, and the rate is 40 sen, 60 sen, and Yen 1.00.

Thrillers and musical comedies are best liked by local audiences.

The yearly gross income of Taiwan theaters is:

First-rate theaters.....	Yen	100,000
Second-rate theaters.....	Yen	70,000
Third-rate theaters.....	Yen	40,000

The total investment in the Taiwan motion-picture industry is estimated to be approximately Yen 100,000 in production, Yen 200,000 in distribution, and Yen 3,280,000 in exhibition. The Taiwan Government extends no subsidy or assistance to the motion-picture industry, except that the Taiwan Educational Association which produces films of various events for educational purposes is maintained by the Taiwan Government General.

SOUND -

All of Taiwan's 41 theaters are wired for sound, and thus prospects of selling sound equipment would be limited to those desiring an improvement of the equipment now installed. This equipment is generally obtained from Japan Proper and if imported from abroad then through distributors in Japan Proper. However, at present, exchange and import control restrictions reduce the possibility of entering this market.

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NEAR EAST

EGYPT

LEGISLATION -

There are no quota regulations or laws inimical to the interest of American or other foreign films. Neither are there any foreign-exchange restrictions.

Nationalistic propaganda is fostering the development of local sound film production in Arabic, since the majority of the Egyptians are not acquainted with foreign languages. The reaction among Egyptian producers and allied interests - who are endeavoring to capitalize on the nationalistic feeling - is evidenced by some prejudice against foreign-owned theaters, which occupy an important place in the amusement field.

Pressure has been brought on the Government to give some advantage in the Egyptian market for local films, and among the means advocated to render aid to the domestic producing industry is the proposal that all cinemas in Egypt should show a quota of Egyptian films of the total exhibited. Though the number and quality of the local productions do not warrant such a form of assistance, the problem of the means of encouraging the local film industry is being given serious consideration by the Government, but no concrete plans have as yet been formulated. However, in view of the Egyptian Government's general policy of fostering the development of local industries, it is not improbable that some protective measures will be taken to protect the Egyptian film industry, as has been done already in the case of many other local industries to the detriment of foreign trade interests.

Private propaganda exists against films produced in Germany and is conducted by Jews and Jewish sympathizers. An insignificant number of German films have been shown in Egypt since the inception of the anti-semitic movement in Germany, and during the 1937-38 season only one Austro-German film was screened, while no German productions have as yet been announced for the 1938-39 season.

In line with the International Convention of October 1933 to facilitate the circulation of educational films and (which convention has been promulgated by the Egyptian Government), standard-size films of special social and educational value may be exempted from customs dues and censorship fees, while 16-mm. films of foreign origin intended for governmental or private educational institutions are generally so favored.

CENSORSHIP -

Centered in Cairo in the premises of the Ministry of Interior, where all productions are reviewed, the censorship of films in Egypt is regulated by two Ministerial Arretes - one sub No. 14 dated August 2, 1921, covering the importation of foreign films, and the other sub No. 42 of August 22, 1928, on the exportation of domestic films.

The intent of the latter regulation is to prevent the showing abroad of films which might be prejudicial to Egyptian nationalistic interests or disparage the Islamic religion and customs. In this connection censorship of local productions continued to be very strict, and several local feature films have been refused approval for export. Three or four musical comedies of local make have undergone major amendments on political and esthetic grounds, and it was only after such changes (sometimes comprising an entire scene) were effected that they were allowed to be shown in Egypt.

A limited number of American, French, and other motion pictures imported in 1938 were rejected, while substantial "cuttings" were made on various foreign productions passed, in addition to the elimination of alleged indecent words.

Taking into account the different social, racial, and religious backgrounds of the population of Egypt, censorship is generally regarded by distributors as uniformly fair, though some strictness was apparant in 1938 with regard to unconventional speech, expressions, and frivolity contained in certain foreign productions.

Censorship is exercised by a committee formed by delegates from various Government departments, including the Controller General of Eastern Press and Publications, the Director of Censorship, the Director of the National Troupe of Comedy, a delegate of the Ministry of Education, and the Inspector General of the Department of Public Security. This committee acts as a Court of Appeal in the decisions made by the Director of Film Censorship in connection with productions submitted for banning.

While, so far as can be ascertained, no censorship agreements have been formulated with other countries concerning the rejection of films, protests made by friendly countries through their respective legations in Egypt, with respect to films which are objectionable, are dealt with adequately, and the censor's office endeavors (as mentioned above) to carry out its duties fairly so as to coordinate the interests of all concerned.

COMPETITION -

Of the films shown 68 percent are American, 21 percent French, 4 percent British and Egyptian, and all other countries total 7 percent. Compared with the relatively limited share obtained by France in the past few years, French productions during the past season and particularly in the 1938-39 season have shown a marked advance on account of the better class of films imported recently and also because of the large number of French-speaking European theatergoers in Egypt.

However, American films are considered the best revenue makers, and society dramas and musical comedies with subtitles in French appeal to the educated classes of the population. American "action" and "western" pictures are shown successfully also in the so-called "popular-priced" theaters, especially in Provincial houses. There is a further fairly good demand for shorts and cartoons in technicolor, as well as short features of an educational character.

Original versions are preferred. Very few "dubbed" films are shown and dubbing is not necessary, since all the theaters are provided with an extra small screen placed laterally to the main one on which summarized subtitles are projected in the Arabic and Greek languages.

COPYRIGHT RELATIONS -

The Mixed Tribunals deal with infringements of trade marks, copyrights, and patents under the principle of general law and rules of equity. There are no specified laws regarding this.

PRODUCTION -

The annual production of the Egyptian motion-picture industry, which consisted of 2 or 3 sound films during the first few years following its establishment in 1927 has showed a certain amount of progress since 1935 - when the "Studio Misr" was opened - and amounted to about 16 Arabic full-length films for the 1938-39 season, in comparison with 12 Arabic and 3 Greek films during the 1937-38 season. There were also 5 foreign films dubbed in the Arabic language (1 American, 3 French, and 1 German). The production schedule of the domestic film industry calls for about 20 films to be turned out by local studios in 1939, in addition to local news reels and three or four "dubbed" films.

The question of "dubbing" is receiving much attention in motion-picture circles in Egypt, and there is an apparent tendency to favor the development of this system, which, among other advantages, may sooner or later curtail the production of local films of inferior quality. It is also anticipated that the expansion of "dubbed" films will automatically pave the way for a better class of domestic films which will enhance the prestige of the national film industry. The tightening which is apparent with regard to the censorship of local films reflects the fact that official authorities are aiming at the promotion of quality rather than quantity in the local film production.

In view of the substantial expenditures involved in "dubbing" films locally, and especially of the high "dubbing" rights or royalties exacted by foreign concerns on their productions, local studios select only first class productions which have had successful exhibition in Egypt. On the one hand it is believed that the more favorable the results obtained by "dubbed" films the poorer the reception of Egyptian cheap productions will be causing local studios to discontinue their efforts on poor-quality films. In this connection, indications are that the Egyptian people, although eager to patronize pictures produced in their native language, are becoming more exacting and therefore not inclined to support mediocre national films. On the other hand, the probable expansion of "dubbed" films would bring in extra cash chiefly to American productions which enjoy a marked preference by the masses over other foreign makes whereas increased competition from local productions would have the reverse effect on the yearly gross income of American and foreign distributors.

Contrary to the lenient policy followed by their French and German competitors, American distributors have uniformly agreed not to sell their "dubbing" rights even after their films have been shown extensively in their original version and notwithstanding the attractive offers made for such rights. Whether the expansion of "dubbed" films will actually prove in the long run advantageous or not to foreign interests remains to be seen. Meanwhile, French and particularly German producers continue, because of the absence of American competition, to exploit the possibilities offered in this particular field from the viewpoint of both revenue and propaganda.

While Egyptian films generally enjoy long runs and attract large audiences in a few metropolitan theatres and more so in Provincial houses in Egypt and nearby Arabic-speaking countries, it is of interest to point out that, insofar as the educated classes are concerned, foreign productions (especially American) are very well received. Despite some improvement in the past few years, the standard of films produced locally does not on the average compare favorably with foreign productions.

On the whole, the Egyptian film industry continues to be confronted with the usual shortcomings of an infant industry, such as poor management, the lack of capable producers and of artists familiar with modern technique, and of course the lack of capital. There is no Government subsidy.

Though its annual production has been limited hitherto to two or three feature films in addition to a fair number of news reels and publicity shorts, the Studio Misr - a subsidiary of Bank Misr, Cairo, the largest Egyptian financial institution - is the best-equipped and most important producing company not only in Egypt but in the Near East. The other five small studios operating at present are relatively unimportant from the standpoint of equipment and installation. The latter small studios are generally poorly financed and operate intermittently, and several of the films are made for account of individuals who pool their capital as a speculative venture. This lack of or difficulty in finding, ready capital when needed is also evidence of the short life of film-producing companies, some of which are formed for the realization of one feature film only. In this connection a few film distributors assume occasionally the financing of a production in order to secure preference over competitors, if not the exclusive rights on the exploitation of the picture on advantageous terms.

Nationalistic propaganda, the large demand of the ever-increasing Arabic-speaking population for films produced in their native language, the sympathetic attitude of the Government, and, last but not least, the small but increasing outlet offered by neighboring Islamic countries for Egyptian films are favorable factors for the development of the Egyptian film industry. However, substantial progress cannot be expected in the future unless adequate assistance from the Government is extended to local producers through direct subsidies, etc.

TAXES -

The amusement tax based on Decree Law No. 85 of 1933, modified by Law No. 5 of 1935, imposed on entrance to race meetings, theaters, cinemas, and various other forms of sport and entertainment within the limits of Cairo city, has been subsequently applied to the cities of Alexandria, Port Said, Tantah, and Mansourah (Lower Egypt). This tax has also been enforced in the town of Ismailia, Port Fouad, and Suez (Lower Egypt) by Ministerial Arrete No. 37 of August 17, 1937, and applied in 1938 to the towns of Fayoum, Minieh, Assiout, and Sohag (Upper Egypt). It is expected that it will be gradually extended to all other centers as and when their importance may warrant. The tax is generally collected from the public by the manager of the entertainment concern, who is responsible for its payment to the Treasury.

As from January 3, 1935, it is fixed at 10 percent on all entrance fees from P. T. 1 (approx. \$0.05) to P.T. 5 (or about \$0.25) and then P.T. 1 on every P.T. 10 or fraction, so that from P.T. 10 to P.T. 250 the tax is 10 percent on the next highest even 10. However, from P.T. 250 to P.T. 400 the tax is 10 percent of the next even 50 and then 10 percent of the next even hundred up to and over P.T. 1,000.

As of May 9, 1935, import duty on developed positive films is L.E. 2.5 per kilo net plus 10 percent, representing customs dues and other auxiliary charges which brings the total to approximately L.E. 3 per kilo net.

THEATERS -

Noticeable progress has been made in recent years in the motion-picture theater business in Egypt, and a substantial number of large and fairly well-equipped theaters were erected, including one theater which is equipped with an air-conditioning system and operates throughout the year.

There are 118 public theaters in Egypt and 10 military ones for the amusement of the British troops stationed there. A limited number of schools and private clubs have small cinemas. There is also a theater at the King's main residential palace in Cairo and one at Alexandria (Montazah Palace) which are equipped with sound. Of these about 25 operate in the open air during the long summer season, while 10 or 12 indoor theaters close during the summer months on account of the extreme heat. Practically all the cinemas in Egypt have two runs per day, but on national special holidays the number of performances is occasionally increased to 3 or 4. The total seating capacity of the above 118 public theaters is roughly estimated at 80,000 (no official statistical data available).

In the larger cities such as Cairo and Alexandria, where the better houses are located, the average admission price is P.T. 4.5 (\$0.22), while the prevailing average admission price in the popular and provincial houses is P.T. 2 (approx. \$0.10).

SOUND -

All 118 theaters are wired for sound. In view of the relatively large number of theaters erected and equipped in 1937 and 1938 and because of the reduced purchasing power resulting from the low prices obtained for agricultural products (principally cotton) on which the country's economy still depends, prospects for the sale of sound equipment in the near future are limited. Sales efforts should be concentrated on replacement buyings, especially to improve installations in a few provincial houses, and on the limited amount of Government business. American exporters of sound equipment are well represented in Egypt but meet keen competition from German makes (especially as regards small installations in the interior of the country), owing to price considerations and lenient credit terms. Some apparatus is also made locally from imported parts as well as from obsolete and used accessories.

EDUCATIONAL FILM DEVELOPMENTS -

A small market exists at present for the sale of educational motion-picture films and equipment, and the Egyptian Government (through the Cinema Inspectorate Section of the Ministry of Education, Cairo) remains the principal outlet for same.

The Cinema Inspectorate Section was originally organized and directed by a British teacher attached to the above Ministry, but it is now headed by an Egyptian Director who previously acted as an inspector of Government Secondary Schools. Previous to the year 1937 and before the centralization of educational film activities under the above section, a few projectors and films were occasionally ordered directly from local agents or purchased on the spot by certain Government schools after obtaining the necessary authority from the Ministry of Education.

In addition to approximately 90 obsolete silent 35-mm. projectors, most of which are out of use, the above section has about 50 silent 16-mm. units of various makes to meet the requirements of all the official educational institutions placed under the control of the Ministry of Education.

The orders for the requirements in motion-picture equipment for the 1937-38 fiscal year, covering approximately 25 silent 16-mm. projectors, were awarded to a European make, but on account of the favorable results obtained from American units submitted to severe tests it is not improbable that United States makes will obtain a good share of future business.

The budget allotted to the above section is limited, but it is expected to be gradually increased, as educational institutions, which are expanding in Egypt, are more and more interested in motion pictures for teaching purposes. It is anticipated that a tender covering 30 to 40 silent 16-mm. projectors and related accessories will be called for by the above section in the budget of the 1939-40 fiscal year beginning April 1, 1939.

With respect to 16-mm. educational films, which are absorbed by the Government at the rate of 100 to 150 per annum (including a limited number of films of local interest covering historical and other local developments, which have an educational value to Egyptian students), the above section is inclined toward first-class foreign productions issued by responsible firms, institutions, universities, etc., rather than films edited on a commercial basis by small concerns.

The Egyptian Government insists on previewing films on the spot to decide as to their suitability and is not inclined to select them from catalogues or descriptive literature, etc. In this connection, whenever a fair number of films listed in the catalogues submitted by distributors are found satisfactory they are imported and previewed, but, as the Government guarantees to buy a minimum of 50 percent only of these, the remainder is returned abroad at the Government's expense.

While the demand in the open market is small on account of the limited number of private motion-picture amateurs who purchase this type of equipment in Egypt, the demand for 16-mm. films and apparatus is likely to expand in the future in consequence of the stimulus from the Department of Education's interest in this field. The matter should have the attention of American exporters.

Since Irak, Iran, and other Islamic countries generally follow the standards of Egyptian education, the possibilities offered in this particular field are further emphasized.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	1,356,429	\$29,495
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	1,492,171	\$30,428
Negative Sound.....	16,000	\$ 900

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IRAN

LEGISLATION -

All imports into Iran are governed by the law of February 23, 1931, which established an official monopoly of all foreign trade, and the law of March 1, 1936, which extends governmental control to all transactions involving foreign exchange. Under these laws, before an importer may purchase foreign exchange from the official Exchange Commission, he must purchase from the state-owned National Bank of Iran export certificates to the value of the intended imports, and, from an exporter, "exchange sales certificates" of the same amount. The

price of export certificates is fixed by decree at 15 percent of their face value, while the free market price of "exchange sales certificates" is approximately their face value. At present, foreign exchange is scarce in Iran. Consequently, the supply of "exchange sales certificates" is sometimes smaller than the demand therefor; and delays have been known to occur in the sale of exchange to an importer, even after he had complied with the requirements and had purchased the necessary certificates.

There are no laws specifically giving preference over American films to films of other countries. Iran has a clearing agreement with Germany, however, which enables Iranian merchants to purchase German merchandise without the necessity of securing foreign exchange. This arrangement applies to films as well as to other commodities, and has been of considerable advantage to German exporters.

Under authority of the law of February 23, 1931, and subsequent legislation, the Iranian authorities announce annual quotas limiting the importation of various kinds of merchandise into Iran. These limitations apply indifferently to imports from all foreign countries. During the economic year ending June 21, 1939, the quota for motion-picture film, photographic film, cameras, and related products has been fixed at 3,000,000 rials (about \$171,400). Normal imports of these products scarcely exceed half this amount.

There is no indication that legislation is contemplated which might reduce or prevent distribution of American motion pictures. There is no domestic production of motion pictures.

CENSORSHIP -

According to the best available information, about 200 films were reviewed in Iran in 1938.

Of these films, only 8 were rejected. Six of the rejected films were American. The other two films rejected were of French origin. They were entitled "Dora Nelson", which was thought to be too boisterous, and "Sonnette d'Allah" which was alleged to cast aspersions on the Moslem religion.

Iranian censorship is very strict with regard to any film showing revolutions, riots, internal disorders of any kind, or the horrors of war. Indecent films, films advocating pacifism, and films believed to disparage the Moslem religion are also forbidden. So far as is known, Iran is not a party to any censorship agreements.

COMPETITION -

No motion pictures are produced in Iran. Of the foreign films shown in Iran, it is estimated that about 50 percent are American, 20 percent German, 15 percent French, 10 percent British, and the remaining 5 percent Egyptian, Indian, etc.

German films are the closest competitors of American pictures, and are estimated to account for about 20 percent of all films shown. American films are well received.

COPYRIGHT RELATIONS -

There is no copyright law in Iran.

PRODUCTION -

There is no domestic production in Iran; however, there must be subtitles in Persian. The capital invested in the distribution and exhibition of motion pictures is estimated at 8,000,000 rials (about \$457,000).

TAXES -

The import duty on foreign films is fairly high -- 100 rials (\$5.70) per kilogram, net weight. The only other tax levied on motion-picture films is a 5 percent municipality tax on tickets.

THEATERS -

There are 35 motion-picture theaters in Iran, having a total seating capacity estimated at 22,000 persons. Ticket prices vary from 1 rial (6 cents) to 10 rials (57 cents). The average price is about 5 rials (29 cents), and it is understood that in the Provinces tickets are only half as expensive as in Teheran, the capital. Iranian audiences are not very critical, and they like operettas and musical comedies best.

The gross annual income of the theaters is estimated at 4,000,000 rials (about \$170,000).

SOUND -

Of the 35 motion-picture houses in Iran, 32 are said to be wired for sound. The three picture houses not wired for sound are located in small towns, and it is doubtful whether there is much prospect of selling them sound equipment. German equipment has occupied a predominant position in the market, owing to price considerations and to the clearing agreement between Iran and Germany.

EDUCATIONAL FILM DEVELOPMENTS -

At the present time there is scarcely any demand for educational films and equipment. Two institutions in Teheran are known to be equipped for the exhibition of educational films, and the Iranian Ministry of Education is considering the use of educational films; but no definite decision is known to have been reached. Probably the only two purchasers of such films would be the Ministry of Education and Alborz College (American), Teheran.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	63,444	\$689
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	21,905	\$219
Negative Sound.....	--	\$ --

* * *

IRAQ

LEGISLATION -

There are no laws restricting foreign exchange in Iraq.

There are no laws giving other countries preference over American films, nor are there any quota or contingent laws in effect. There is no evidence of any contemplated legislation which might reduce or prevent American distribution of motion pictures.

CENSORSHIP -

About 200 films were censored during 1938, of which at least 7 were rejected. Six of the 7 films rejected were of American production, but there is no discrimination against American films. Censorship, which takes place in Baghdad, Basrah, and Mosul, is not strict. Any sequences in a film offending the Arabs or the Turks or tending to suggest any communistic tendency will bar a film from being shown in this country. No censorship agreements have been formulated with other countries to bar films which are considered objectionable on protest by a friendly country or vice versa. However, the municipal authorities are very courteous toward diplomatic representatives in Iraq and would not hesitate to prohibit the exhibition of any film to which exception might be taken by the representative of a friendly government.

COMPETITION -

There is very little competition with American films, except by Arabic films produced in Egypt, these however, are very expensive. French films have a certain popularity, but the demand for British films has recently been decreasing.

About 97 percent of the English-speaking films shown in Iraq during 1938 were made in the United States. American films are well received.

COPYRIGHT RELATIONS -

There is no law in Iraq protecting copyrights or foreign producers from piracy. However, the Baghdad Penal Code protects against stolen films, but unless the pirated film is legally proven to have been stolen such a film can be exhibited in the country freely. Film producers or distributors should therefore protect themselves against piracy outside Iraq, particularly in Egypt and Syria, from which countries pirated films are usually imported.

During 1938 very few pirated films were reported to have been exhibited on the screens of Iraq. The reason given is that the most important film producing companies have their own branches in Baghdad.

PRODUCTION -

No domestic films are produced in Iraq.

While there would probably be no objection to having American films "dubbed" in Arabic, the predominating language, this has not as yet been done locally.

The European languages spoken locally are English and French. The former is more widely spoken.

There is no requirement that foreign films must be "dubbed" in Iraq. An Arabic translation of the spoken text is usually exhibited on a side screen. Motion-picture theaters have the facilities to do these translations.

TAXES -

A stamp tax of 12 1/2 percent is collected from receipts of theaters. First-class motion-picture theaters pay a municipal tax of 3 Iraq dinars per month, and second-class theaters pay I.D. #1.500 (\$7.50)*. Theaters and distributors pay also the usual income tax. The following are the customs import duties imposed on cinematographic films:

(a) Films for cinematographs (exposed), when:

- (1) Certified by the Director General of Education or the Director General of Health to be useful for purposes of education or health and when for free exhibition to the public... exempt.
- (2) Certified by the Director General of Education or the Director General of Health to be useful for purposes of education or health and when not for free exhibition... 250 fils (\$1.25) per kilo net.
- (3) Not certified as stated in (1) or (2) preceding... 500 fils (\$2.50) per kilo net.

* The conversion made was based on \$5 to one Iraq Dinar.

THEATERS -

There are about 20 motion-picture theaters in the country, with a total capacity of about 14,550. The admission prices are as follows:

Boxes: I.D. #0.450 (\$2.25) for four seats, including stamp tax of 40 fils.
2nd class or gallery: I.D. #0.080 (\$0.40) per seat, including stamp tax of 10 fils.
2nd class: I.D. #0.045 (\$0.22), including stamp tax of 5 fils.
3rd class: I.D. #0.030 (\$0.15), including stamp tax of 5 fils.

The types of films best liked by native audiences are of emotional character, although "action" films are also very popular. Because of language difficulties, films with long dialogues are not wanted. Arabic films with songs appeal very much to the public. Films with music, dancing, and thrills are very popular with the local people.

The yearly gross income of motion-picture theaters in Iraq, is estimated at about I.D. #40,000 (\$200,000).

SOUND -

All of the 20 theaters in Iraq are wired for the showing of sound films.

EDUCATIONAL FILM DEVELOPMENTS -

There is practically no market for the sale of educational motion-picture films and equipment. There are no schools or colleges using this type of film for teaching purposes. The Ministry of Education is reported interested in equipping its high schools with motion-picture machines and in the use of educational films, but the funds at its disposal have not permitted that institution to invest any capital in motion-picture equipment as yet.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	431,115	\$8,503
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	676,024	\$8,713
Negative Sound.....	1,250	\$ 60

PALESTINE

LEGISLATION -

There are no quotas, import licensing systems, or exchange-control regulations affecting imports of motion-picture films or equipment for motion-picture theaters. No legislation has been enacted which reduces or prevents American distribution of motion pictures or gives other countries preference over American films.

CENSORSHIP -

Censorship is strict in Palestine. The Central Censorship Board, appointed by the High Commissioner, consists of nine members, including the District Commissioner, Jerusalem District, as chairman; representatives of the Inspector General of Police and Prisons, of the Director of Education, and of the Chamber of Commerce; the Assistant District Commissioner, Jerusalem District; an assistant secretary from the Chief Secretary's Office, and the Government Welfare Inspector.

Fees for censorship are:

For short films (1 to 2 parts).....	£P. 1.000*
For full-length films.....	£P. 4.000

Censorship is motivated by desire to prevent offense on religious grounds, to Christians, Jews, or Moslems. Nothing giving prominence to moral laxity may be shown.

Information regarding the number of films censored and the percentage rejected has not been found available.

COMPETITION -

American (more than 65 percent), French, English, German, Egyptian, and domestic. American films are well received and generally preferred.

COPYRIGHT RELATIONS -

The copyright agreement between the United States and Great Britain was made applicable on October 1, 1933, to Palestine.

PRODUCTION -

There are three Jewish companies producing chiefly news and advertising films. Production facilities and financial resources of these companies are limited.

*The Palestine pound is the same as the pound sterling of Great Britain and is equivalent at rate of exchange on September 30, 1938, to \$4.74. A Palestine pound is divided into 1,000 mils.

Local production is small and is largely confined to news reels, advertising films, and pictures for propaganda purposes illustrating Jewish progress in Palestine. No subsidy or other assistance is rendered by the government for the fostering of the domestic motion-picture industry.

Arabic is the predominant language of the country. Estimated population on March 31, 1938, was 1,416,000, including approximately 975,000 Arabs and 400,000 Jews. The official languages are English, Arabic, and Hebrew. A large number of the Jews are newly arrived immigrants who do not speak or understand Hebrew, and are most proficient in Polish, German, or other European languages. English is understood by a large part of the public attending theaters, and it is customary to show Hebrew, German, or Arabic dialogue on the side of the screen to assist those not able to understand English or other sound language of film.

The majority of films (American and English) have sound in English. Films from France and Germany are shown with sound in French and German, respectively. There has recently been an increased importation of films with sound in Arabic, made by an Egyptian company, for showing in a few theaters attended principally by Arabs.

It was reported about a year ago that a Jewish company in Tel-Aviv intended to install an apparatus for "dubbing" imported films in Hebrew, but it is understood that this project has been abandoned.

TAXES -

The Government fees for the issuance of a license to operate a theater or cinema are as follows:

Annual license:

Seating capacity 1 to 100, £P.10; 101 to 200,
£P. 20; over 200, £P. 30.

Occasional license:

All classes, £P. 0.500 per day.

The government imposes a revenue tax on all theater and cinema tickets, varying according to the price of the ticket, as follows:

Revenue duty on tickets of 50 to 99 mils, 5 mils; 100 to 200, 10 mils; 200 to 500, 20 mils; 500 to 1,000, 30 mils; 1,000 and up, 50 mils.

The city of Tel-Aviv is the only municipality in Palestine imposing a municipal tax on theater or cinema tickets. This tax (which is, of course, in addition to the government tax) also varies according to the price of the ticket, as follows:

Municipal tax on tickets from 1 to 50 mils, 2 mils; 50 to 85, 4 mils; 85 to 125, 8 mils; 125 to 150, 16 mils; 150 to 200, 24 mils; 200 to 250, 34 mils; 250 to 450, 50 mils; 450 to 1,000, 100 mils.

Customs duties on motion pictures and cinema apparatus imported into Palestine are as follows:

Serial number, tariff of September 1937	Unit	Rate of duty £P. Mils
408 Apparatus, cameras and parts thereof and materials and accessories.....	ad valorem	15 percent
409 Film, blank.....	kilogram	75
410 Film, silent.....	kilogram	250
411 Film, synchronized with sound on spec- ial records.....	kilogram	1,000
412 Film, synchronized with sound on film.....	kilogram	1,200

THEATERS -

The number of motion-picture theaters in Palestine is 42 with a total seating capacity estimated at 28,000. Trans-Jordan has only one theater, in Amman, with seating capacity of about 1,000. The range of admission prices is from 20 to 155 mils for evening performances, and from 10 to 50 mils for afternoon performances. Average admission prices are about 50 mils for evening performances and 30 mils in the afternoon. Attendance has been affected since 1936 by the unfavorable economic situation caused by civil disorders and political unrest in the country, arising from conflicting aspirations of Jews and Arabs.

SOUND -

All of the motion-picture theaters in Palestine and Trans-Jordan are wired for sound.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	466,126	\$ 8,515
Negative Sound.....	—	\$ —
1937 - Positive Sound.....	807,257	\$15,261
Negative Sound.....	1,070	\$ 178

SYRIA

LEGISLATION -

Foreign exchange continues unrestricted and is readily available. There are no quotas or other forms of preference, nor does it appear that any restrictive legislation is contemplated.

The one-time (1937) local policy of rejecting foreign-language talkies lacking Arabic or French subtitles has been abandoned, and French subtitles alone are now required. This requirement does not apply to animated cartoons.

CENSORSHIP -

The average number of motion-picture films imported and censored annually amounts to about 700, of which 250 are feature films. Censorship is not very strict. However, pictures should not be lacking in respect for religion or be critical of French policy. No censorship agreements have been formulated with any country to bar films on protest.

COMPETITION -

American films meet with very little competition in Syria. According to local film importers, they enjoy a 75 percent share of the market. American films dubbed in the French language, and especially those with French actors, are preferred.

COPYRIGHT RELATIONS -

In case of piracy the local distributor must secure a power of attorney from the film producer to enable him to register the film with the Office de la Propriete Commerciale, of the French High Commission, Beirut, and subsequently to bring an action in court.

PRODUCTION -

No domestic feature films were produced in Syria during 1938. There are two very small producing companies, one in Beirut and one in Damascus; but their capital is small and neither possesses adequate technical facilities.

American films are reported to be sometimes dubbed in the Arabic language and shown in Egyptian theaters. A single American picture so dubbed was shown in Syria and the Lebanon during the last season and met with some success. Local distributors are reluctant to suggest an increase in the number of such pictures, inasmuch as the additional cost to them would not be compensated by additional revenue.

Arabic is the predominant language of the country, but Arabic and French are the official languages. The educated class and most business men in the larger cities speak French. The Government does not subsidize the domestic motion-picture industry or manifest any interest in it.

TAXATION -

Taxation is not considered high by local film importers. Motion-picture films are assessed 331 Syrian piasters* per kilo upon importation. Taxes imposed on theaters are as follows:

	<u>Syrian Republic</u>	<u>Lebanese Republic</u>
	Per seat and per performance	Per seat and per performance
	<u>Syrian piasters</u>	<u>Syrian piasters</u>
First class theaters.....	0.60	1.00
Second " ".....	0.30	0.75
Third " ".....	0.05	0.50
Fourth " ".....	-	0.25

In the Syrian Republic, this tax is reduced by 50 percent during the months of July, August, and September, while in the Lebanon the tax is reduced by one-third during June and October and is not assessed at all during July, August, and September.

For censorship, a fee of 35 Syrian piasters is collected per 100 linear meters of sound films.

THEATERS -

There are 40 theaters in Syria which have a total seating capacity of 22,000, and their average admission price is estimated at 25 Syrian piasters.

In first-class theaters, the program usually consists of:

1. Animated cartoon or educational film.
2. News reel.
3. Comedy of one or two reels.
4. Feature, of a type preferred by French audiences.

In theaters of lower classes, serials and adventure pictures are preferred.

According to local film distributors, the yearly gross income at theaters does not exceed 600,000 Syrian pounds.

*Five Syrian piasters equal 1 French franc.

SOUND -

All of the 40 theaters are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The market for the sale of educational motion-picture films and equipment is very limited, as no local educational institution has yet used the 16-mm. type of film for teaching purposes.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound.....	176,759	\$3,532
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	412,044	\$7,382
Negative Sound.....	--	\$ --

* * *

TURKEY

LEGISLATION -

The only new legislation during the past year affecting the motion-picture market was a law reducing the tax on admission to all places of amusement, and a reduction in the Turkish import duty on films. Just before its summer recess, the Grand National Assembly passed a law reducing the tax on admissions to places of amusement from 33-1/3 percent to 10 percent. As a result of this tax reduction, the price of motion-picture theater tickets has been reduced by approximately 23 percent. For example, the price of reserved seats in first-run houses in Istanbul has been reduced from 70 to 50 piasters.

By a decree of September 21, 1938, the import duties on exposed and unexposed films was reduced by 75 percent. Previously exposed films paid an import duty of 15 Turkish pounds per kilogram, and unexposed films 2 Turkish pounds per kilogram. Under the new legislation the duty on exposed films is 3.75 Turkish pounds and on unexposed films 50 piasters per kilogram.

There is no legislation in existence which grants any preference to any particular country as regards films, and American films are the most popular and the most widely shown in Turkey at the present time.

CENSORSHIP -

No figures are available giving the total number of films censored, but on the basis of estimates of the number of films shown and those that were refused approval by the censors, it is believed that probably slightly more than 200 films were reviewed during the year. Five films were rejected by the Censorship Board.

COMPETITION -

For the year 1938, it is necessary to take into consideration the fact that cinema houses and other places of amusement were closed down during the mourning period resulting from the death of President Ataturk. However, the following is believed to be a fair estimate of the competitive position of films shown during the year, as well as comparative figures for last year:

<u>Country of origin</u>	<u>1938</u>	<u>1937*</u>
United States.....	124	81
France.....	45	30
Germany	15	21
Austria.....	4	5
England.....	1	1
Russia.....	1	1
Italy.....	2	-
Egypt.....	1	1
Turkey.....	2	2
	195	142

(*) The 1937 figures are for the first 10 months of the year.

As comparative figures are given for 1937, it will be noted that there was a partial decline in the number of German films shown. It should not be taken that this decline in the popularity of German films was due in any sense to boycotting, it is entirely attributable to the decline in the quality of the films. The principal criticism of the local exhibitors is that the films at present being produced in Germany contain so much propaganda material as to affect their popularity with the Turkish public.

Of the American films shown, an increasing number were in the English version. This is particularly true of short gangster and Western films shown in two or three of the smaller first-run houses. A number of the longer American films were dubbed in French, and there seems to be an increasing tendency toward dubbing in Turkish, particularly in the local studios. The Turkish-dubbed films are usually the more humorous productions.

French films continued popular and took second place after the American productions.

The attendance at motion-picture theaters was well maintained during the season, and particularly so in the fall and winter season. The increase in theater attendance noted toward the latter part of the year is a result of the reduction in the tax on admissions to motion-picture theaters. It is believed that even with the lower price of admission the net receipts of the theaters will be considerably increased, and the first results of the reduced tax are said to be popular with the exhibitors as well as with the public.

A law exists requiring all cinemas to show a short educational film at each show. This is not very strictly enforced, however, because of the time element, as a long film usually does not allow sufficient time to show shorts. All cinemas are obliged to devote one matinee per week to a show for children. This is done by all the principal theaters, with a very reduced admission.

PRODUCTION -

There are three concerns in Turkey interested in the production of motion-picture films. The Studio Marmara, a new concern, just started operations within the year under review, and it is too soon to judge of its ultimate importance. So far, its production has been concerned almost entirely with dubbing, local news reels, and two shorts. The Haka Film, a company which has been in existence for some time, is at the present time doing very little, with the exception of a small amount of dubbing. The Ipek Film, by far the most important of the local studios, has been in existence for 8 years and, after 3 years of inactivity, has resumed operations on a much larger scale than before. The equipment of this studio is said to be much superior to that of the other two. The Ipek Film produced during 1938 three feature films and a very considerable amount of dubbing in Turkish. It is now their intention to dub a number of old American comedies which were shown in Turkey some time ago in English or French versions.

It is believed that the local production is definitely limited by the relative smallness of the Turkish market. Films made in Turkish have little or no export value, with the exception of a small demand in Egypt and Greece. The local studios are always assured of a certain amount of work by the requirement that all films in foreign languages carry subtitles in Turkish. This work is done locally by all of the three studios mentioned and almost entirely by a Hungarian process which prints the subtitles on the gelatine of the film itself.

THEATERS -

It is estimated that there are approximately 120 cinema theaters in Turkey. This is an approximate 20 percent increase over the previous year, although it is difficult to say exactly, as a number of small cinemas are being constructed throughout the country. A change in the type of theater should be noted, for whereas it was previously a question of transforming old buildings and theaters into cinema theaters, the present tendency is toward new construction of buildings designed particularly for cinema purposes.

Much of the motion-picture construction has been due to the activities of the People's Party (the only political party) which has been instrumental in promoting the construction of cinemas or the installation of sound equipment in the local branches of the Party throughout the country and in most cases carrying the financial burden of the construction.

While some of the equipment, particularly for the larger houses, has been furnished by American companies, most of the new sound installations have been coming from Germany - Bauer and Zeiss Ikon. While the American installations are admittedly better in quality, the German installations are much cheaper. Among motion-picture theater owners there has been considerable criticism of the German manufacturers for their lack of interest in the operation of the equipment once it has been installed. American companies, on the contrary, are highly considered because of the fact that they maintain a certain responsibility in their equipment after its installation.

SOUND -

There are 120 theaters wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

The Government is interesting itself more and more in the cinema with a view to its utilization in propaganda campaigns for health, agriculture, etc.

IMPORTS FROM UNITED STATES -

	Feet	Value
1938 - Positive Sound	808,442	\$23,199
Negative Sound.....	--	\$ --
1937 - Positive Sound.....	978,712	\$26,343
Negative Sound.....	--	\$ --

AFRICA

BRITISH EAST AFRICA

LEGISLATION -

There are no laws inimical to American motion-picture interests in this market, nor are there any quota or contingent laws in effect, and none are contemplated. There are no exchange difficulties.

CENSORSHIP -

All films shown are censored by the Film Censorship Board. During 1938 only two films were rejected by the Film Censorship Board. The two films rejected were both British productions, and these were rejected on the ground "horrendous."

Censorship is strict, as care is taken that nothing unsuitable be shown to the Indians and native blacks. Films showing cruelty, or "horror films", are rejected for this reason, and there are no agreements with other countries to bar films objectionable to them.

COMPETITION -

The largest competitors of American films are British films. No others, with very rare exceptions, are exhibited. British East Africa shows American films to the extent of 80 percent, and 20 percent of the films shown are British.

There is no competition between American and locally produced films, because there are no locally produced films. As most of the persons attending the moving-picture houses are British, British films are well received. In a recent popularity competition, the film receiving the greatest number of votes was the British production, "Victoria the Great", but doubtless patriotism influenced many. However, of the 20 most popular films shown, numbers 1, 9, 15, 16, and 18 were British. Thus 5 out of 20 were British, although 80 percent of the films shown were American.

COPYRIGHT RELATIONS -

The local laws adequately protect copyrights and protect foreign producers from piracy. In fact, no such difficulties have ever arisen in British East Africa.

PRODUCTION -

Except for special expeditions, such as the wild-animal productions, there is no production of motion pictures in this district. Films are not "dubbed." But with excellent weather conditions obtaining at least 9 months of the year, with clear and rare atmosphere around Nairobi (altitude 5,000 - 7,000 feet), and with labor very reasonable, this would make an ideal spot in some respects for motion-picture operations.

TAXES -

Taxation is considered by the local manager of the motion-picture houses to be high. The following taxes are imposed upon the motion-picture business:

1. A theater tax of 60 shillings a month.
2. A license fee for each program of 20 shillings.
3. A tax on each ticket as follows:

<u>Price of Ticket</u>	<u>Tax</u>	<u>Total</u>
Shs. 2.00	Shs. 0.25	Shs. 2.25
" 3.00	" 0.50	" 3.50
" 4.00	" 0.50	" 4.50
" 5.00	" 1.00	" 6.00

4. The usual income tax, amounting to about 12½ percent.
5. Import duty on cinema films, 2 shillings for 500 linear feet.

THEATERS -

There are in British East Africa 16 motion-picture theaters, located as follows:

<u>Territory</u>	<u>Town</u>	<u>Number</u>
Kenya	Nairobi	4
	Mombasa	2
	Nakuru	1
	Eldoret	2
Tanganyika	Dar-es-Salaam	3
	Tanga	1
	Arusha	1
Uganda	Kampala	1
	Zanzibar	1
Total		16

There is also a traveling motion-picture outfit, going from town to town on trucks on circuit to halls and hotels in Eldoret, Kitale, Kisumu, and Kakamega.

The total seating capacity in Nairobi is 2,500. The remaining 12 theaters total approximately 4,800, making a total for British East Africa of 7,300. The average admission price is 3 shillings (69 cents).

Native audiences are rare, although the Film Censorship Board always considers them. The usual audience is made up of Europeans, with a few Indians. Natives do not attend, would not understand the film if they did attend, and, receiving 12 to 35 shillings a month for pay, could not afford to attend. Gross income of the moving-picture theaters in Nairobi is £25,000 annually. But at theaters in less thickly populated towns it is doubtless.

SOUND -

All 16 theaters in British East Africa are wired for sound. There is a limited market for replacements and new equipment. Such purchases are made through M. D. Kampf, Limited, Victoria Street, Nairobi, Kenya Colony.

EDUCATIONAL FILM DEVELOPMENTS -

There is no market for the sale of educational motion-picture films and equipment, nor are the few local schools using this type of film for teaching purposes; educational institutions are not even considering such methods of teaching.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	350,373	\$4,993
Negative Sound.....	---	\$ --
1937 - Positive Sound.....	247,744	\$4,334
Negative Sound.....	---	\$ --

* * *

MOROCCO (International and Spanish Zones)

LEGISLATION -

In the Tangier Zone there are no laws prohibiting foreign exchange, or any contingents reducing the number of American films that may be imported and distributed. As there are only five theaters in the Zone, it has for general purposes been classed by the film companies as part of the Spanish territory, and the films supplied to it come mostly through agencies in Spain.

CENSORSHIP -

There is no censorship except to the extent that the International Administration might request the theaters not to show films susceptible of arousing native prejudice or disturbing public order. Such an instance occurred not long ago with reference to the showing of news reels concerning the Spanish civil war, the showing of which was discouraged inasmuch as the local Spanish colony is sharply divided in its political opinions and it was feared that any such films might produce conflicts between the supporters of General Franco and of the Valencia Barcelona Government.

In the Spanish Zone, however, the censorship is understood to be very strict, but as it is carried on in Spain itself before the films reach Morocco, there is no information as to the percentage of American films rejected, or the grounds on which they may have been prevented from reaching Morocco.

COMPETITION -

The largest competitors to American films are on the whole French and, latterly in the Spanish Zone, German. Taken together, however, it is doubtful, whether these films would constitute 10 percent of those shown, as American films, dubbed in Spanish, continue to be by far the most popular. Inasmuch as the Spanish film industry is located in Barcelona, the production of films in Spain at present consists mostly of those of a purely news reel character.

COPYRIGHT RELATIONS -

The laws of Morocco in all three Zones have as a general rule adhered to the international copyright agreements, and there have been no complaints of piracy.

PRODUCTION -

There is no domestic production of films in any of the Zones of Morocco. The predominant language of the country is Arabic, but there has been no attempt to dub films in that language, which would present considerable difficulty. For the benefit of the cinema goers, however, most American films shown in the French and Spanish Zones are dubbed in one or the other language. In Tangier, however, the population is more cosmopolitan or polyglot, and a number of American films are shown in the original English version with French or Spanish subtitles, but here, also, the greatest percentage is dubbed in either Spanish or French. There are no requirements in Morocco about the country in which the films must be dubbed, but as they are received from film agencies located in either Spain or France, it is assumed that the dubbing is done in either one or the other country.

TAXES -

In the Tangier Zone there is no taxation imposed on theaters, distributors, or importers, except the urban tax which amounts to 8 percent of the rental value of the premises. Films are imported on a temporary basis with only a small fee for customs formalities.

The situation is, practically, the same in the Spanish Zone, except that since the beginning of the Spanish civil war a 10 percent tax on admission is collected for charitable purposes. In the Spanish Zone, while no rigid taxes are imposed on the theaters, it is understood that they are subject to periodical "voluntary" contributions.

THEATERS -

There are five theaters in Tangier and sixteen in the Spanish Zone, with a total seating capacity of about 12,500, or an average of 500 or 600 places each. The average admission price is 3 francs in Tangier and 1.50 pesetas in the Spanish Zone.

The types of films most liked by the Moorish population are Western pictures with plenty of riding and shooting, or other adventure types with plenty of action. Sophisticated drawing-room stories, in which the action is mostly psychological, is apt to appeal more to the European film-goers. Nearly anything, nevertheless, is accepted as entertainment which cinemas, alone, in this region, are equipped to provide.

According to estimates received from the theater manager in Tangier, the average theater there takes in perhaps 2,000 francs a day, gross. This is based on three shows at 5, 7, and 9 p.m. daily. This would give an annual gross income of about 700,000 francs.

SOUND -

All of the 21 cinemas in Tangier and the Spanish Zone have been equipped for sound, and except as their equipment wears out and requires replacement there would seem to be no prospect for selling sound equipment.

* * *

MOROCCO
(French Protectorate)

LEGISLATION -

There are no restrictions on foreign exchange in French Morocco. Imports of films are not subjected to any form of quota system or preferential tariff. There is no domestic film industry on which a protectionist tariff or quota

system might be based. So far, no indications have been given of any legislative projects tending toward a restriction in the sales of American films.

CENSORSHIP -

According to local distributors, no American films were censored during 1938. While no censorship statistics are made public, it is the opinion of distributors that no films were rejected during the year. It may be noted, in this respect, that all films shown in this country are imported from foreign sources, and, as a rule, have conformed to censorship requirements in their countries of origin and, in the case of non-French films "dubbed" in France, in that country as well.

Censorship is not strict - films usually are admitted after perusal of the scenario by the Protectorate's Board of Censors. The Board requires that they contain nothing anti-French or likely to incite the Moroccan natives to revolt. In cases where the reading of the scenario leaves doubt in the minds of the censors they may require a private showing of the film.

COMPETITION -

The chief competitor in French Morocco for American films is the "Maroc-Film" company (affiliated to Isry-Film) of Algeria, which buys French films exclusively, but the competition is secondary, as about 70 percent of the films shown in the Protectorate are American. American films are well received while there is no domestic production. Local distributors say that the good reception given to American films (with sound accompaniment in the French language) by local audiences of European origin is due principally to the scarcity of French films, and that, if all things were equal, a marked preference would be shown for French films. Nevertheless, a larger number of French films were shown during 1938 than during the previous year.

PRODUCTION -

As already indicated, there is no domestic production. With the exception of a few films in the Spanish language shown in small theaters patronized by the local Spanish residents, and an even smaller number of Egyptian films in the Arabic language for exhibition to the natives, all non-French films are "dubbed" in France.

It is estimated by film distributors that investments by exhibitors may amount to 22,000,000 francs for the whole Protectorate.

TAXES -

No motion-picture taxes, as such, are paid in the Protectorate by theaters, but the theaters pay 10 percent of all gross receipts to the Protectorate government as poor-tax, and, in addition, theaters in the cities of Casablanca, Rabat, Fez, and Mazagan pay 2-1/2 percent of their gross receipts

to the municipalities in those cities as municipal taxes.

Import duties on films are assessed at the nominal rate of 12-1/2 percent ad valorem, irrespective of country of origin.

Importers, distributors, and exhibitors are liable for payment of the customary business tax levied on commercial and other enterprises in French Morocco, which varies according to the nature and value of premises occupied, number of employees, etc. No income tax is collected by the French Moroccan Government.

THEATERS -

A list compiled by local distributors indicates that there are at present in French Morocco about 62 motion-picture theaters - all wired for sound - with a seating capacity of about 266,000. The average admission price is roughly French Moroccan francs 8 (the equivalent, at today's rate of exchange, of approximately 20 cents American). The total gross income from motion-picture theaters in 1937 in French Morocco was 17,807,330 francs, the greater part of which was derived from theaters in Casablanca. It is expected that receipts for 1938 will exceed those for 1937 by at least 2 million francs.

For the films which cater in part to the native trade, the preferences are Wild Western or adventure subjects.

SOUND -

All of the 62 motion-picture theaters in French Morocco are wired for sound.

EDUCATIONAL FILM DEVELOPMENTS -

Local distributors state that there is no demand at present for educational films and equipment. There are no schools or colleges in French Morocco utilizing cinematographic apparatus. According to a recent statement by the Chief of the Department of Public Instruction in Morocco, funds for this purpose will not be available for a considerable time to come.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	11,030	\$200
Negative Sound.....	---	--
1937 - Positive Sound.....	13,002	\$590
Negative Sound.....	--	--

NIGERIA

LEGISLATION -

There are no laws in Nigeria regulating or prohibiting foreign exchange, nor are there any laws giving other countries preference over American films. No quota or contingent laws are in effect, nor does it appear that any legislation is contemplated which might reduce or prevent American distribution of motion pictures.

There is no legislation of any kind detrimental to American films.

CENSORSHIP -

Between October 24, 1937, and September 30, 1938, 85 films were submitted and censored. Of this number, two were rejected. Information is not kept by the Nigerian Board of Censors as to the country of origin of films rejected. The Board declined to pass the two films because they were regarded as thoroughly unsuitable for presentation before native audiences.

Taking into consideration the different social, racial, and religious backgrounds of the inhabitants of Nigeria, the censorship of films is not very strict. There follows an extract from the Minute Book of the Board of Censors appointed for the purpose of the Cinematograph Ordinance No. 20 of 1933.

"There was considerable discussion as to the guiding principles which should be followed by Committees in the course of their duties, and eventually it was decided that films or portions of films portraying any matter embraced by the following four heads should receive the most careful consideration: -

'A. Crimes against law and order.

'These should not be approved if their presentation is such as to enlist sympathy with crime as against law and justice or to inspire others with a desire for imitation. The Board felt that scenes of shooting, stabbing, poisoning, etc., should be excised.

'B. National and racial feelings.

'The history, institutions and customs of a race should be respectfully handled. Any scene depicting racial troubles or calculated to arouse racial feelings should be rejected.

'C. Sex.

'The Board felt that pictures which suggest that low forms of sex relationship are a commonplace and should not be permitted. In particular, it was thought that sexually suggestive scenes should be excised.

'D. Religion.

'No film which throws ridicule on any religious faith should be accepted and any scene calculated to injure religious susceptibilities should not be permitted.'

No censorship agreements have been formulated with other countries to bar films which are objectionable on protest by a friendly country or vice versa.

COMPETITION -

Statistics are not kept as to the countries of origin of films. They are chiefly American and British. Recently several Arabic films produced in Egypt have been shown to native audiences. From October 24, 1937, to September 30, 1938, 85 films were imported. No films are produced locally.

COPYRIGHT RELATIONS -

The British Copyright Act of 1911, regulating copyright relations with the United States, has been applied to Nigeria, and it apparently protects copyrights and American producers from piracy to the same extent that British copyrights and producers are protected in the United States.

PRODUCTION -

No films are produced in Nigeria. It does not appear that the question of "dubbing" American films in native languages has arisen, but no official objection to so doing would arise. English is the official language in Nigeria, although only a small percentage of the 20,000,000 inhabitants speak it. Some of the principal native tongues are Hausa, Ibo, Yoruba, Fulani, Kanuri, Efik, Munshi (or Tiv), Bini, Nupe, Ijaw, Sobo, Arabic, Duala, Keaka, Bali, and Banyangi. There are several hundred tribes, each with its own language and customs.

Government has done nothing toward fostering a domestic motion-picture industry, and it is not contemplated that it will do so. Very little capital is invested in the showing of motion pictures.

TAXES -

There is no special taxation upon distributors and theaters showing motion pictures.

Cinematograph equipment and films are admitted free of duty under item 22 of the Second Schedule of the Resolution and Order No. 1 of 1937 under the Customs Tariff Ordinance, 1924.

THEATERS -

There are at present nine motion-picture theaters in Nigeria, with a total seating capacity of approximately 2,000. Prices of admission vary from 1d. (about 2 cents) to 3s. 6d. (about 82 cents). Europeans pay the latter price for admission to an open-air motion-picture theater in Lagos which shows sound films six nights a week (Europeans - Tuesday, Thursday, and Saturday nights; Africans - Monday, Wednesday, and Friday nights), weather permitting. Silent films are shown to large native audiences in other open-air theaters in Lagos for an admission price of 1 penny. In the latter, wooden benches are provided for seating purposes.

Comedy or adventure films are best liked by native audiences.

SOUND -

Three theaters in Nigeria are wired for the showing of sound films. One or two of the other theaters may install sound equipment during the coming 12 months, if there is an upswing in business activity.

EDUCATIONAL FILM DEVELOPMENTS -

The Health Propaganda Unit, Medical Headquarters, Lagos, is interested in receiving descriptive matter regarding 16-mm. films dealing with health, education, agriculture, and entertainment. It does not appear that any of the schools or colleges are using this type of film for teaching purposes. The educational institutions are thinking along these lines, but a shortage of money prevents them from carrying out their plans.

The Medical Department sends a truck equipped with a 16-mm. motion-picture projector through the rural districts of Nigeria, for the purpose of teaching the natives simple rules designed for the protection of health.

IMPORTS FROM UNITED STATES:

	Feet	Value
1938 - Positive Sound.....	44,100	\$300
Negative Sound.....	---	---
1937 - Positive Sound.....	1,200	\$54
Negative Sound.....	---	---

UNION OF SOUTH AFRICA

LEGISLATION -

The general legislative situation in the Union of South Africa is particularly favorable to the distribution and exhibition of American films.

There are no laws which restrict or prohibit foreign exchange, nor any laws which give films produced locally or by other countries any preference over American films. There are no quota or contingent laws in effect or contemplated, nor any legislation contemplated which might reduce or prevent American distribution of motion pictures. There are no laws requiring that a percentage of the domestic films produced be shown on each theater program.

In short, legislation in effect does not attempt to regulate the distribution or exhibition of films except insofar as control is exercised by the Board of Censors.

CENSORSHIP -

The latest information available on the activities of the Union's Board of Censors is for the year ended December 31, 1937. However, the functions and the policy of the Board have not been changed, and the activities of the Board during that year may be taken as a guide to its continued action, particularly so as no recent developments would indicate that changes are contemplated.

Of 1,520 films censored during 1937, 347 were classified as drama, 395 as comedy, 486 as news reels, topical, and musical, and 292 as trailers. 1,415 films were approved without excision, 73 were approved after certain excisions, and 32 films were rejected. The results of the censorship are outlined in detail below.

Films Approved Without Excisions

For general exhibition.....	1,166
" exhibition to Europeans only.....	37
" " " and non-Europeans (excluding natives).....	154
" exhibition to persons over the age of 12 years only.....	5
" exhibition to Europeans and non-Europeans over the age of 12 years (excluding all natives).....	39
" exhibition to Europeans over the age of 12 years only.....	12
" exhibition to Europeans over the age of 16 years only.....	2

1,415

Films Approved after Certain Excisions

For general exhibition.....	40
" exhibition to Europeans only.....	4
" exhibition to Europeans and non-Europeans (excluding natives).....	23
" exhibition to persons over the age of 12 years only.....	1
" exhibition to Europeans and non-Europeans over the age of 12 years (excluding all natives).....	2
" exhibition to Europeans over the age of 12 years only.....	1
" exhibition to Europeans over the age of 16 years only.....	<u>2</u>
	73

Films Rejected

Total number rejected..... 32

Total number of films.....1,520

It is perhaps indicative of the freedom of the market that no information is available on the percentage of films rejected by country of origin, and it is true that country of origin does not interest the reviewing body. The grounds for rejection are very broad, and it is only on such matters as affect exhibition in the country that films are judged.

The Entertainments (Censorship) Act No. 28 of 1931, provides for the establishment of the Union Board of Censors and gives that body the power to approve or reject a film unconditionally or to approve of a film for exhibition to a specified class of persons or after any specified portions have been excised. The Board is charged not to approve any film "which, in its opinion, depicts any matter that prejudicially affects the safety of the State, or is calculated to disturb peace or good order, or prejudice the general welfare or be offensive to society." The Board, on this basis, has an excellent reputation, and although its standards are strict it is not unreasonable and is eminently fair. Its attitude is so well understood that importers seldom offer films that might be rejected. Speaking broadly, a picture not objected to by the Legion of Decency in the United States would have no difficulty in entering the Union of South Africa. A local problem that should be given careful consideration concerns the effect of certain pictures on the Union's large native population. The Board of Censors is fully alive to the delicacy of the native problem, and for this reason 218 films finally approved were not to be shown to natives.

No censorship agreements have been formulated with other countries, nor is it likely that such agreements will be concluded.

COMPETITION -

The only real competition to American films is from the United Kingdom. The population of the larger cities throughout the Union is predominantly

British, and as a result there is a sympathetic feeling for British films, but this feeling is not so strong that it may be said to amount to a preference. As a matter of fact, the consensus of local opinion is that American films as a whole are far superior to the British product. The question of origin is almost completely disregarded among distributors, particularly so as the British films that have been shown here are, with few exceptions, inferior to the American product and the fact that certain American companies have, in one way or another, undertaken production in England does not affect the cinema-going public. A quota for British films has been established in Southern Rhodesia, and it is highly probable that the fact that the largest distributor in South Africa also distributes through Southern Rhodesia accounts for a great part of the United Kingdom exports to South Africa. It is understandable that British news reels are more popular than American. Air-mail service gives them an advantage over the American news reels, topics are more kindred than those shown in American news reels, and the American commentators with their crisp, rapid-fire enunciation, usually in extreme "American dialect", are not sympathetically heard. On the other hand, a popular American news reel has been introduced in South Africa during the past year and has been enthusiastically received.

Approximately 74 percent of the films shown in the Union of South Africa are American and 25 percent British.

There are so few films produced locally, except news reels, that the question of preference for them hardly arises. It should be understood that although a local company, African Film Productions, Killarney, Johannesburg, does produce, the output is not important and it is seldom that a full-length picture appears. Local news reels appear regularly and are popular because of their local appeal.

The general competitive situation has been changed during the past year, because of the fact that an American company heretofore distributing through a local organization has established its own distribution organization in South Africa. This development has not been in effect a sufficiently long time to enable one to gauge the ultimate results. The position heretofore has been that one local company held a practical monopoly of motion-picture distribution throughout the territory and that another American distributing and producing company had built several theaters in South Africa and had established other outlets. The company which has lately entered the field is acting as a distributor only, but confidently expects that by the end of 1938 24 theaters in South Africa will be exhibiting its pictures. The tone of local competition may be judged by the fact that practically all of its lessees are building new theaters. If this latest move continues to be as successful as its initial operations would indicate, it may well be that the entire basis of motion-picture distribution throughout South Africa will be altered and that competition will be on a freer basis within several years. At any rate, the public is being assured of a greater choice in entertainment, and it remains to be seen whether or not the opening of additional theaters will result in proportionately increased receipts.

COPYRIGHT RELATIONS -

The laws of the country fully protect copyrights and also protect foreign producers from piracy.

PRODUCTION -

Local production consists of the output of one company, African Film Productions, Ltd., Johannesburg. It has a well-equipped studio, produces news reels regularly, and for more than a year has been working on an historical film for use in connection with the Voortrekker Centenary scheduled for late 1938. It is evident that a motion-picture industry does not exist in the country and that the very small output cannot be considered competition to American films. It can be stated that the one local producer is well financed and that the facilities are adequate for the productions undertaken. The technique is very good, though not comparable with the extremely high standards set by American producers.

The "dubbing" of American films for exhibition in South Africa is neither necessary nor desirable. The Union of South Africa is officially bilingual: both English and Afrikaans are recognized. It is not necessary to "dub" pictures in Afrikaans because the majority of the white population speak English, and in those communities where the Boers are in the majority the antagonistic attitude of the Dutch Reformed Church toward such frivolities as the cinema does not encourage enthusiastic support.

TAXES -

High taxation is prevalent in South Africa. There are no other special taxes levied against distributors and exhibitors apart from those applicable to all business houses.

THEATERS -

There is no official or authoritative information available on the number of theaters in the Union of South Africa. Reliable estimates indicate that there are approximately 300, although this figure is perhaps a bit conservative. It includes all theaters, "tearoom-bioscopes", town halls, etc., used for exhibition purposes.

Information on seating capacity of the Union's theaters is as vague as are data on theaters. A seating capacity of 150,000 is probably not too high an estimate.

Admission prices in South Africa are high as compared with current prices in the United States. In the native theaters, prices range from 6 pence to 1 shilling; there are very few of these theaters. "Tearoom-bioscopes" still do a fair business, and their prices are usually 9 pence or 1 shilling, which price includes tea or soft drink. Actually no admittance is charged,

but rather the show is free and patrons must buy tea or other food items at a minimum fixed charge. In all other picture houses prices run from 1 shilling to 4 shillings, and for outstanding pictures as high as 5 or 6 shillings. Shows in the "tearoom-bioscopes" are usually continuous, but in all the good houses (and this class comprises at least 90 percent of those in the country) seats are invariably reserved. The usual practice is to have one showing on those afternoons when matinees are scheduled, one on ordinary nights, and two or three on gala nights or special occasions.

The same type of films that will appeal to American and English audiences are most popular in South Africa. This statement needs no elaboration except that local lack of knowledge of American customs and slang often prevents full appreciation of some situations and that films too blatantly American do not arouse any enthusiasm. Of course, the native problem is an acute one in South Africa, and social intercourse between black and white is not favorably considered.

The natives (the black population of the country) are not considered in gauging audience reaction to films. Westerns and action pictures in general are most popular with the natives.

SOUND -

Practically all of the 300 theaters in the Union of South Africa are wired for sound. Those theaters which are not wired for the showing of sound films are so unimportant that there is no possibility that they will acquire sound equipment.

EDUCATIONAL FILM DEVELOPMENTS -

The Film Division, National Bureau of Educational and Social Research, of the Union Education Department, has inaugurated and conducts a film exchange library -- primarily designed for school use. This organization is the only real market for educational films in the Union of South Africa, and it rents films at prices ranging from 1 shilling to 3 shillings per reel per day to all public and private schools, state-controlled institutions whether under the Union or Provincial Governments, and non-state-controlled organizations, including private schools. The Film Library has about 450 films available for distribution.

The Film Division has been in existence only a few years, and naturally much of that time was spent on problems of organization, publicity, etc. It has, however, already enrolled 189 schools in its Film Library membership and is at present loaning about 2,000 films per month. Within the next 3 to 5 years it expects membership to grow to approximately 1,000 and circulation of films to expand to an even greater extent, proportionately, as their use becomes better understood. Educational institutions are definitely thinking along these lines, and both Provincial and Government authorities are in favor of the movement.

IMPORTS FROM UNITED STATES:

	<u>Feet</u>	<u>Value</u>
1938 - Positive Sound.....	6,040,263	\$120,799
Negative Sound.....	850	\$37
1937 - Positive Sound.....	4,975,184	\$114,856
Negative Sound.....	64,669	\$97

2343

CANADA

CANADA

LEGISLATION -

Foreign exchange is available on an open, free market through the usual commercial banking facilities, with rates controlled exclusively by supply and demand. There has been no suggestion or demand for Federal control of foreign exchange. When the market price for gold in Canada was revised upward, provision was made for an exchange stabilization fund to protect the external value of the Canadian dollar, but the authority has never been exercised.

Aside from the customs tariff, which provides a lower rate on films from countries subject to the British preferential rates, there is no Federal law providing for preference for films of non-American origin. Under trade agreements with France and Poland, the lower British preferential rate of duty is made applicable to films speaking the French or Polish languages. There are no quota or contingent laws in effect.

The Provincial governments of Ontario and New Brunswick request that news reels exhibited in those areas contains 50 percent British and Canadian content. This content requirement is not a law but simply a regulation of the censorship authorities, and news reels of less than the prescribed Canadian-British content merely result in a conversation between the censor board and the distributing company.

There are no Federal or Provincial laws requiring that a percentage of the domestic films produced be shown on each theater program.

CENSORSHIP -

The Provincial governments in Canada exercise censorship of films, this being a subject beyond Federal constitutional powers. Eight of the nine Provincial governments have censor boards, and, as annual reports are on a fiscal-year basis, varying in date in the several Provinces, a consolidated statement of censorship in the market cannot be prepared. In any event, the regional government figures are likely to be misleading, because in some cases distributors present 5 copies of a film for censorship, for example, and in other instances as many as 15 copies are presented.

Trade-association statistics of censorship for 1937 indicate that the main features submitted included 470 United States films, 48 British films, and 110 from France. This does not include short features and news reels. The total number of censorship rejections that year by all eight censor boards was 18, of which 10 (including 4 British films) were rejected by Quebec authorities. There was a higher percentage of rejections of British pictures than of United States pictures.

Short subjects and news reels are also subject to provincial censorship, and advertising matter is submitted for review. In some cases 16-mm. films, known to the trade as amateur films and available for showing on a rental basis, are subject to censorship.

Censorship statistics for Ontario, the most populous Province, are probably representative for Canada except Quebec, where French is the predominating language and the influence of the Catholic Church is strong in all social matters. In the fiscal year ended March 31, 1938, the Ontario censor board reported that their 13 licensed film exchanges submitted a total of 2,476 subjects. Of the total, 1,992, or more than 80 percent, were approved without change, and 478, or 19 percent, were passed after certain alterations were made. Four subjects were not approved, and two additional ones were under consideration at the end of the fiscal year. Out of 30,289 specimens of advertising submitted, only 68 were required to be altered before use, and 153 were rejected. The censor board noted that, as in 1937, a much greater number of deletions from British films were required than from those of other countries. Of 127 British and Canadian films submitted during the 1937 fiscal year, nearly 25 percent required alteration. The unfortunate comparison between the acceptance of British and American productions was mentioned in the 1937 report, when the board observed: "There have been several notable films recently dealing with British history and literature, but the board notes a strange paradox - the best 'British' films are 'American made'." This continued true in 1938. The latest report states:

"In the light of these facts the only conclusion this board can arrive at is that the British producer appears to show less inclination to adapt himself to American customs, or he probably prefers to accept the Continental attitude in preparing his productions for presentation in the United States and Canada."

Censorship in Canada is not strict in the full sense of that word, and in recent years has become more liberal. For example, in 1929 there were 219 rejections. In the past 6 years the percentage of Ontario rejections has declined from 1.6 percent of total submissions to 0.16 percent. Points of objection naturally vary among the several censor boards, but the majority of complaints can be traced to moral or political reasons or a combination of the two. Particular attention in recent years has been devoted to the attempted use of films for propaganda contrary to the democratic outlook of the Canadian people. Internal regulation and censorship within the United States film industry is unquestionably a factor in the recent trend of reduced cuts and rejections by the Canadian authorities.

Canada, as a contiguous export market for United States films and motion-picture equipment, probably has more in common with the domestic film market than with the foreign market which the American industry serves. Geographical propinquity, similarity of living standards, style preferences, and social organization, plus the extensive infiltration of motion-picture publicity and

music via radio and magazines, as well as identical commercial practices in distribution of films, serve to emphasize the similarity between the Canadian and the domestic American market for the motion-picture industry.

No censorship agreements have been formulated with other countries to bar films which are considered objectionable, on protest by a friendly country.

COMPETITION -

British films provide the chief competition to American films in Canada. French films cover a special field in Quebec, where that language predominates and the French origin of the feature has a special attraction to the population, not provided by either British or American films. Figures of releases (cited earlier) indicate that nearly 75 percent of the main features shown in Canada were from the United States, less than 20 percent from France, and about 7 percent from the United Kingdom. However, the extent of distribution of the films after release makes it necessary to adjust the above distribution in estimating the competitive position. The number of prints required of American and British films is greater than for French films because the latter serve only one section of the country, namely, Quebec. Accurate figures are obviously impossible, but from the standpoint of box-office receipts it is probable that American films provide more than 90 percent, British films about 5 percent, French films about 5 percent, and other foreign-language films a negligible proportion.

COPYRIGHT RELATIONS -

Canadian laws provide adequate copyright protection against piracy of imported films and features.

PRODUCTION -

Strictly speaking, there is no regular production in Canada of feature films. In 1936 Gaumont-British produced "Silent Barriers" as a narrative of the building of the Canadian Pacific Railway, and some United States producers have made pictures in Canada of the Dionne quintuplets, completing the film in Hollywood. Associated Screen News, Limited, produces some industrial subjects and provides a news reel service in Canada. Central Films, Limited, Victoria, British Columbia, was established to produce films to meet the British quota law and claims a production of several motion pictures which have been shown in Canada, the United States, and Great Britain. Production facilities in Canada would include three plants, at Montreal, Toronto, and Victoria. Facilities for the production of motion pictures actually exist in Canada, but such production is economically impossible in the case of feature pictures and there is not a national impulse to produce pictures in Canada, such as is found in some countries, Australia for example.

Strictly speaking, the Canadian Government does not subsidize the domestic motion-picture industry. The Department of Trade and Commerce includes the Canadian Government Motion Picture Bureau as a Federal agency producing films of travel, tourist, and industrial interest on Canadian subjects, and at one time the Ontario government operated a motion-picture bureau. Fundamentally, the Motion Picture Bureau represents an informational and promotional service rather than subsidized production of feature films. In the 1937 tariff revision the Federal Government reduced rates on certain motion-picture studio equipment as a concession to interests which desired to equip motion-picture studios on the west coast for the production of films for the British market.

No figures are available regarding the investment in the production division of the motion-picture industry. In 1937 the report from the Dominion Bureau of Statistics on motion-picture theaters in Canada gave, for the first time, data covering the value of the property and equipment used by motion-picture exhibitors. The total reported value of \$67,538,400 is made up of \$15,469,100 for land, \$39,518,600 for buildings, and \$12,550,700 for equipment. The average total value per theater in Canada is slightly more than \$64,500.

TAXES -

The Federal, Provincial, and municipal governments levy taxation in various forms on the motion-picture industry.

Item 657a of the Canadian Customs Tariff covers standard motion-picture films, positives. Under the revised trade agreement which became effective January 1, 1939, the duty on imports from the United States was reduced from 3 cents to 2-1/4 cents per linear foot, and this rate is bound against increase during the life of the agreement. Imports entitled to British preferential treatment are dutiable at 1-1/2 cents per foot. The 1-1/2 cent rate also applies to French and Polish speaking films, whether the films are actually produced in those countries or in the United States. Films imported from countries other than those entitled to the British preferential tariff are subject to the special excise tax of 3 percent on the duty-paid value. As a result of the trade agreement, this tax will be eliminated on imports from the United States and other most-favored-nation countries as soon after January 1, as the necessary legislation can be passed.

Under an order of the Department of National revenue dated February 23, 1914, the value of 35-mm. positive motion-picture films has been declared to be 8 cents per foot. The duty-paid value of films imported from the United States and other most-favored-nations is therefore 10-1/4 cents per foot (except French and Polish speaking films, which have a duty-paid value of 9-1/2 cents per foot). Until eliminated by legislative action the 3 percent special excise tax will apply on these values.

Films imported from all countries, as well as those produced in Canada, are subject to the Canadian sales tax, which at the present time is 8 percent. On imported films, the sales tax is assessed on the duty-paid value.

Tariffs, representing one form of taxation, also apply to motion-picture projectors, theater equipment, and most other essentials required by exhibitors.

Motion-picture distributors, along with other corporations, must pay the regular Federal income tax of 15 percent. Where a Canadian motion-picture distributing corporation pays dividends or interest abroad, a tax of 5 percent is collected at the source. Under amendments to the income tax in May 1936, a special additional income tax of 5 percent was levied on 40 percent of the payments, direct or indirect, from Canadian debtors to persons nonresident of Canada when such payments were in respect of the use or rights in any motion-picture film. This, therefore, represents 2 percent of payments made by distributors to non-Canadian film companies for the rights to exhibit films in Canada.

There are no amusement taxes in Prince Edward Island, Ontario, or Saskatchewan, but the other six Provincial governments levy taxes which are considered by the trade as representing rather high taxation. The provincial censorship fee may also be viewed in one respect as a tax. The Provincial governments in eight instances also levy license taxes on theaters, while the municipal governments also impose a tax on theaters.

THEATERS -

According to statistics compiled by the Canadian film boards of trade in May 1938, the number of theaters in 763 Canadian towns was 1,224, providing an aggregate seating capacity of 645,082. Details follow:

THEATERS IN CANADA

Distribution center	No. of theaters*	Seating capacity	No. of towns with theaters	Open			Open sum-mer only	Thea-ters closed	Thea-ters open
				1 & 2 days	3 & 4 days	6 & 7 days			
Toronto, Ontario...	357	245,272	166	3	28	326	0	1	356
Vancouver, B. C. ...	103	61,517	56	22	4	77	1	3	100
Winnipeg, Man. ...	228	88,023	162	107	28	93	23	22	206
Montreal, Quebec ...	198	126,442	101	26	25	147	4	5	193
Calgary, Alta. ...	125	59,829	192	136	22	57	14	12	203
Saint John, N. B. ...	123	63,999	86	24	13	86	6	1	122
Total	1,224	645,082	763	318	120	786	48	44	1,180

*All wired for sound.

The latest report of the Dominion Bureau of Statistics for 1937 shows a total of 1,047 theaters in Canada, providing a total seating capacity of 601,-611. By economic areas the distribution of theaters was 92 in the Maritime Provinces, 166 in Quebec, 349 in Ontario, 340 in the Prairie Provinces, and 100 in British Columbia, Yukon, and North West Territories. In that year the average admission price to theaters throughout Canada was 24.2 cents (exclusive of amusements taxes). The gross income reported in Canada was \$32,499,-300 (exclusive of amusement taxes), and the total number of admissions was 134,374,061. Fifty-six large theaters in the country, representing about 5 percent of the total number officially reported, had annual receipts exceeding \$100,000 each, and this group of larger houses accounted for about 23 percent of the total number of admissions and 30 percent of total receipts. Some 557 smaller theaters (more than 53 percent of the total number), reporting annual receipts of less than \$20,000 each, accounted for 12 percent of total receipts in the industry and 13 percent of total number of admissions.

SOUND -

All of the 1,224 theaters in Canada are wired for sound. There is a good replacement market for projectors and sound equipment, as indicated by the fact that in 1937 imports of motion-picture projectors, arc lamps, spot-lights, light effect machines, screens, portable projectors complete with sound equipment, and similar theatrical equipment amounted to \$321,924, of which the United States supplied \$316,800. The above does not include sound equipment for projectors other than portable, such goods being included in statistics for imported electrical goods. Imports of miscellaneous electrical goods, other than specific items, from the United States in 1937 amounted to \$2,076,777.

EDUCATIONAL FILM DEVELOPMENTS -

The report issued in 1937 by the Dominion Bureau of Statistics on the use of films and slides in Canadian schools indicates that such schools own about 260 motion-picture projectors, and an additional 100, owned principally by teachers, are used. Total films owned by the schools and teachers, including Departments of Education, amount to about 1,090 reels. More than two-thirds of the projectors are 16-mm. silent machines, and the majority of the remainder are 35-mm. silent projectors. There were 32 sound projectors in Canadian schools in 1937. Practically all of the visual educational equipment installed in Canadian schools and offered for sale is of American origin.

The majority of films are obtained in Canada from industrial concerns, including the transcontinental railways, rather than from commercial distributors, and some also come from the Dominion and Provincial Governments. Films are used in the teaching of geography, science, and history, and school officials state that they would prefer to have historical films rather than other kinds. It has been noted by several school authorities that while many

United States sources offer films of great educational value at moderate rentals, the customs regulations make it practically impossible to import such films on a rental basis. However, a leading school textbook concern in Toronto has established a division to handle visual educational equipment, undertaking promotional work at teachers' conventions and among school officials. This company finds that the majority of Canadian schools prefer to rent rather than purchase films, and, as a consequence, it has been difficult to place certain desirable American films available only a sales basis.

The following table provides an indication of the use of films and slides in Canadian schools:

USE OF FILMS AND SLIDES IN CANADIAN SCHOOLS

	No. reporting	No. making use of:					
		Lantern		Film		strips	
		slides		Still		films	
		Reg.	Occ.	Reg.	Occ.	Reg.	Occ.
City school systems	197	48	75	32	51	25	66
Town, village and rural schools:							
One room	22,197	1	300		112	33	103
Two rooms or more	4,261	64	397	22	159	49	228
Teacher-training institutions	67	18	28	5	24	3	34
Private schools	120	17	62	11	39	4	66

Reg. - regularly

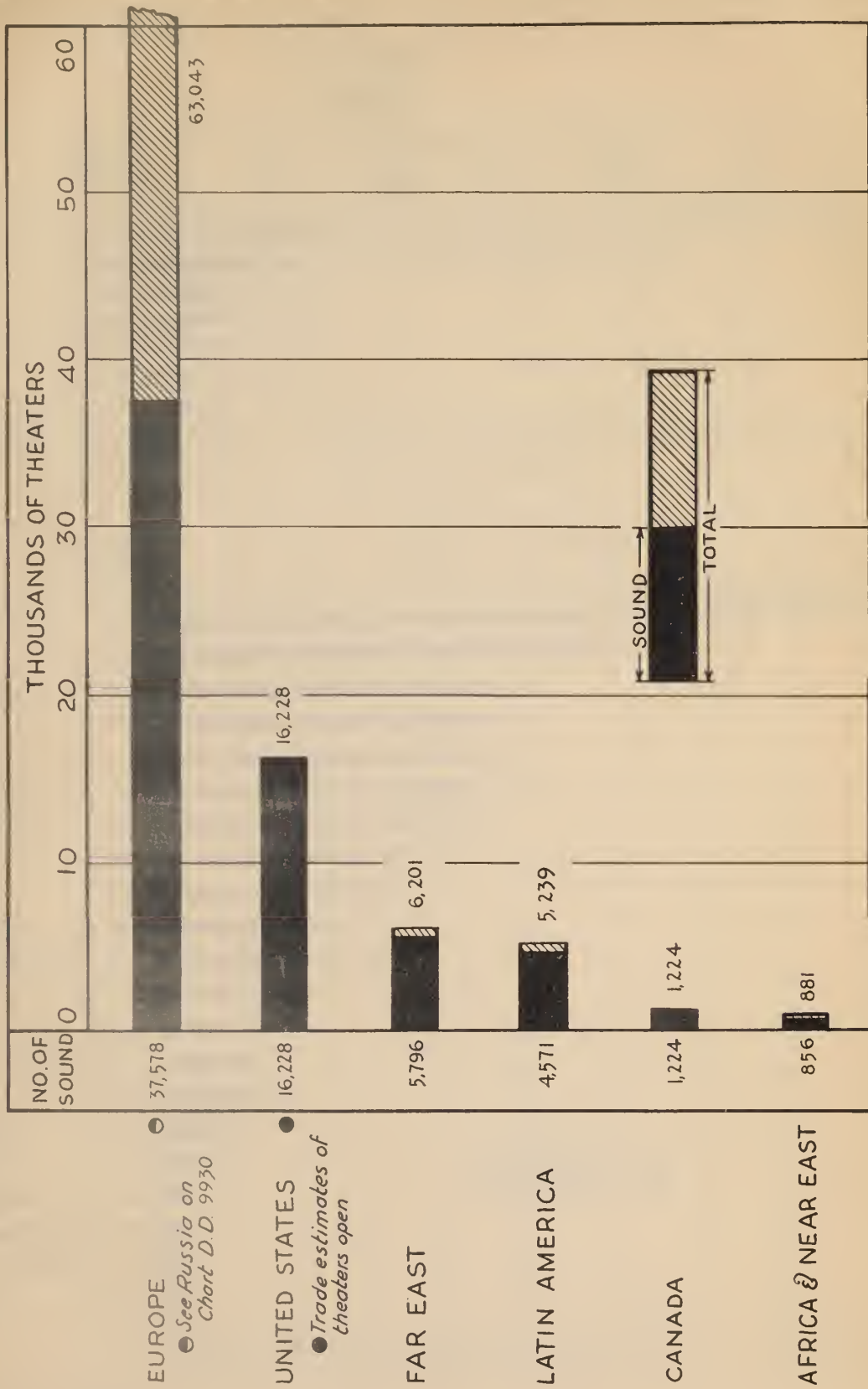
Occ. - occasionally

IMPORTS FROM UNITED STATES:

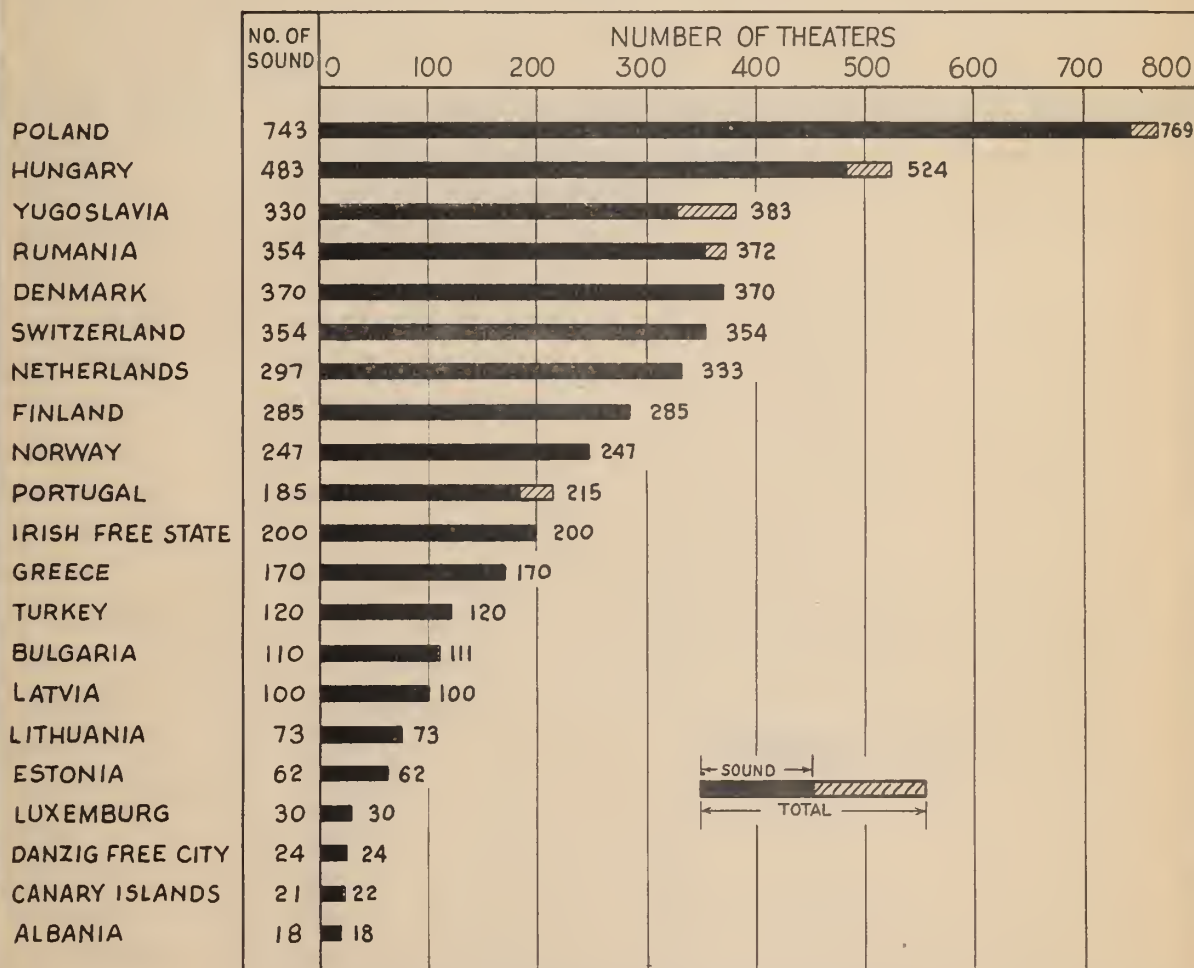
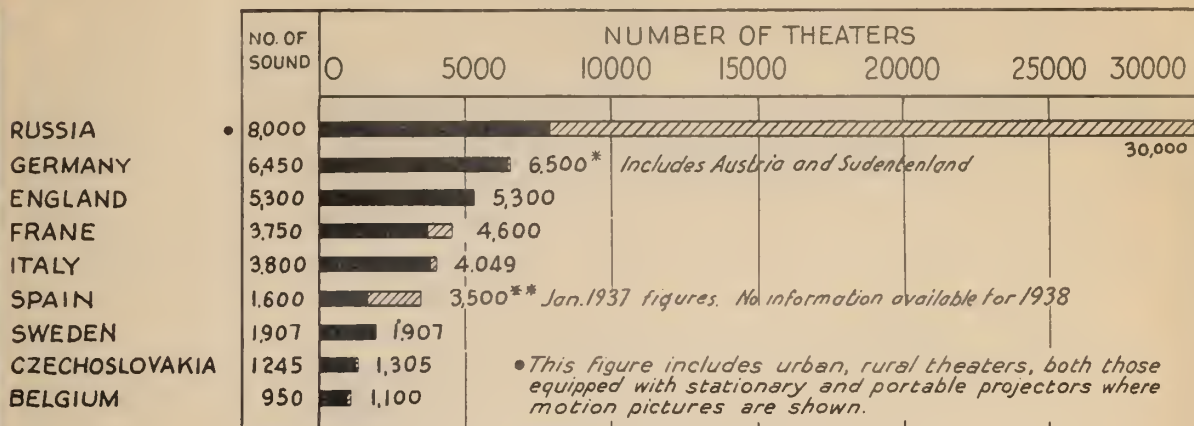
	Feet	Value
1938 - Positive Sound	5,898,139	\$223,716
Negative Sound	4,280,800	\$158,540
1937 - Positive Sound	6,110,452	\$209,357
Negative Sound	4,507,801	\$175,752

* * *

MOTION PICTURE THEATERS THROUGHOUT THE WORLD 1938



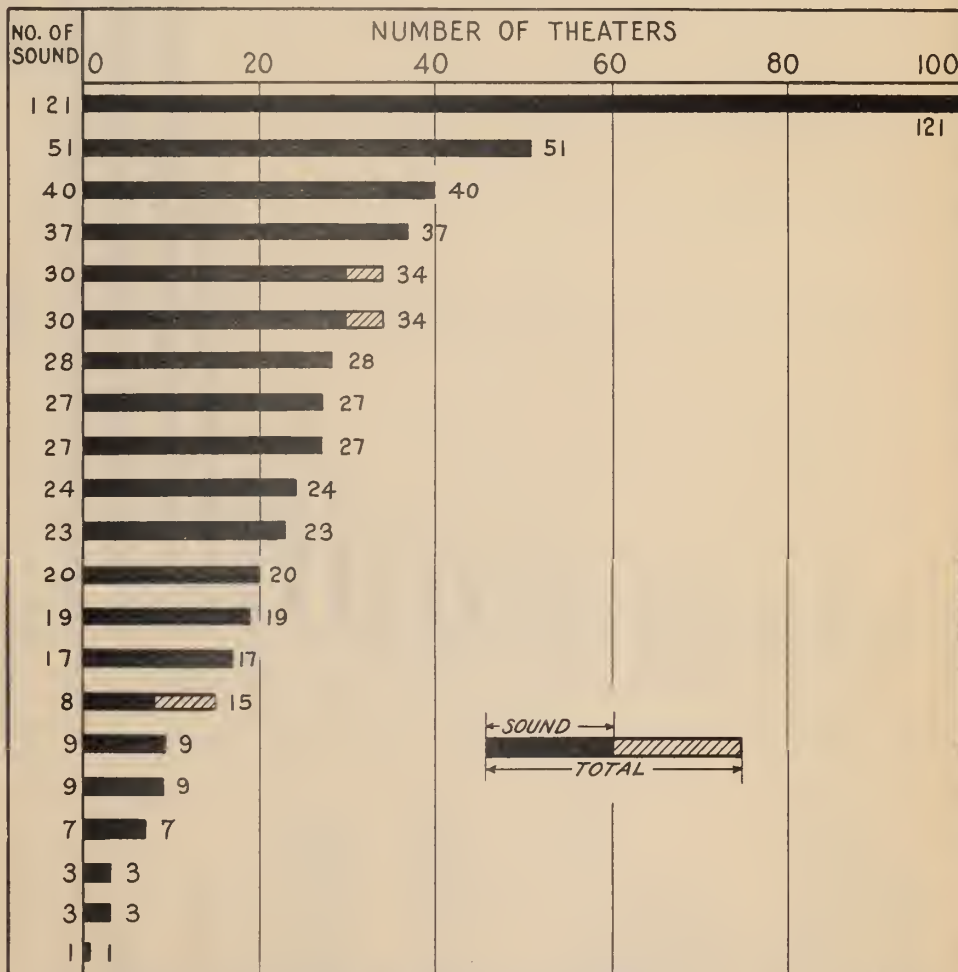
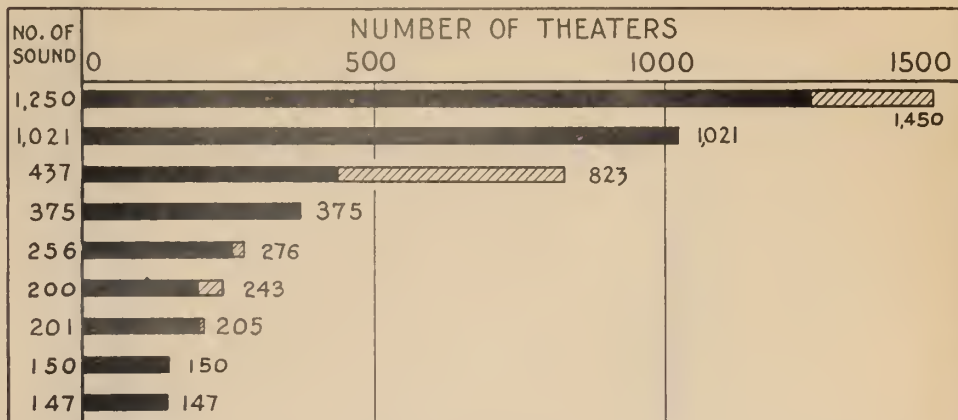
MOTION PICTURE THEATERS IN EUROPE 1938



Bureau of Foreign & Domestic Commerce

D. D. 9930

MOTION PICTURE THEATERS IN LATIN AMERICA 1938

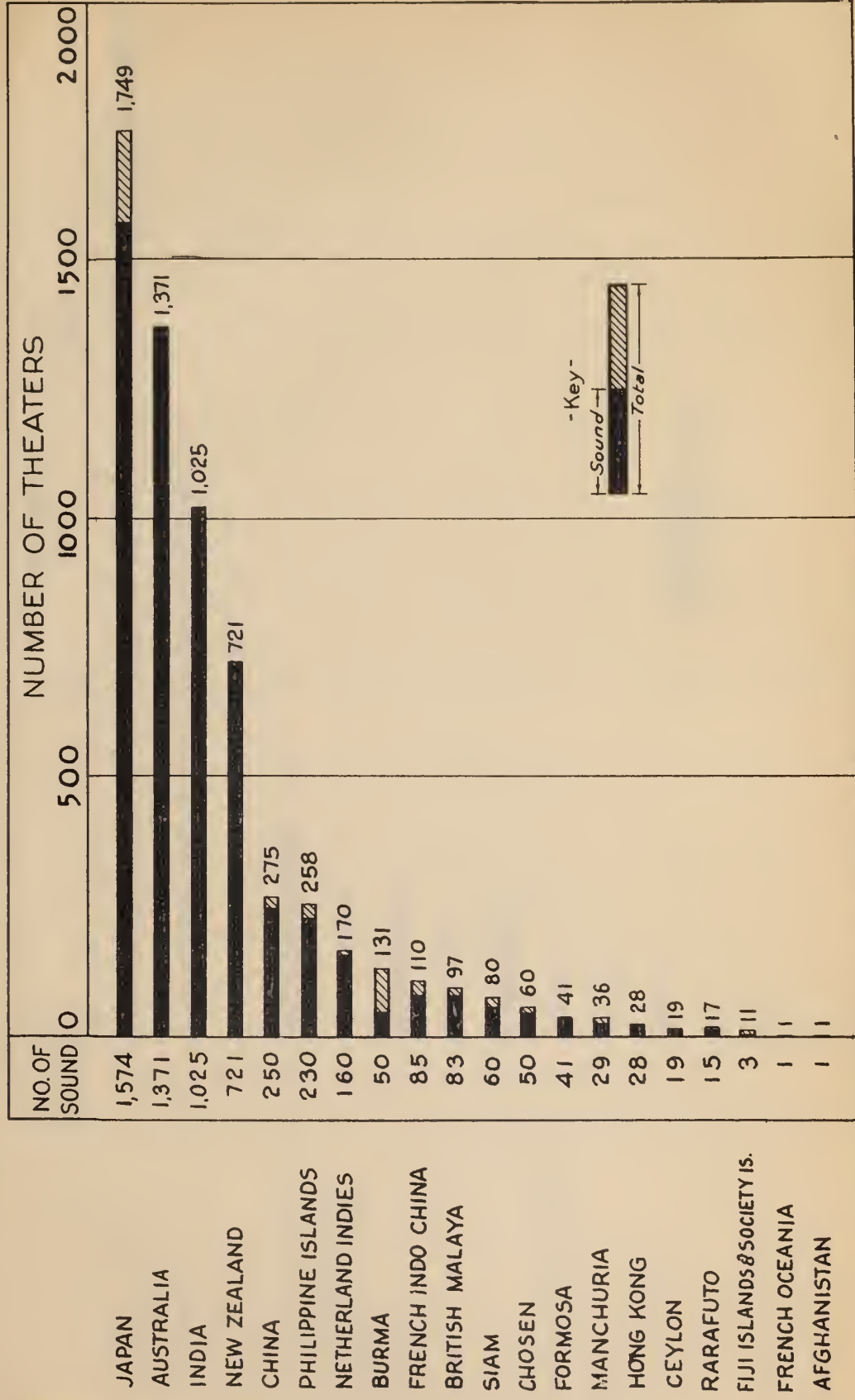


Bureau of Foreign & Domestic Commerce

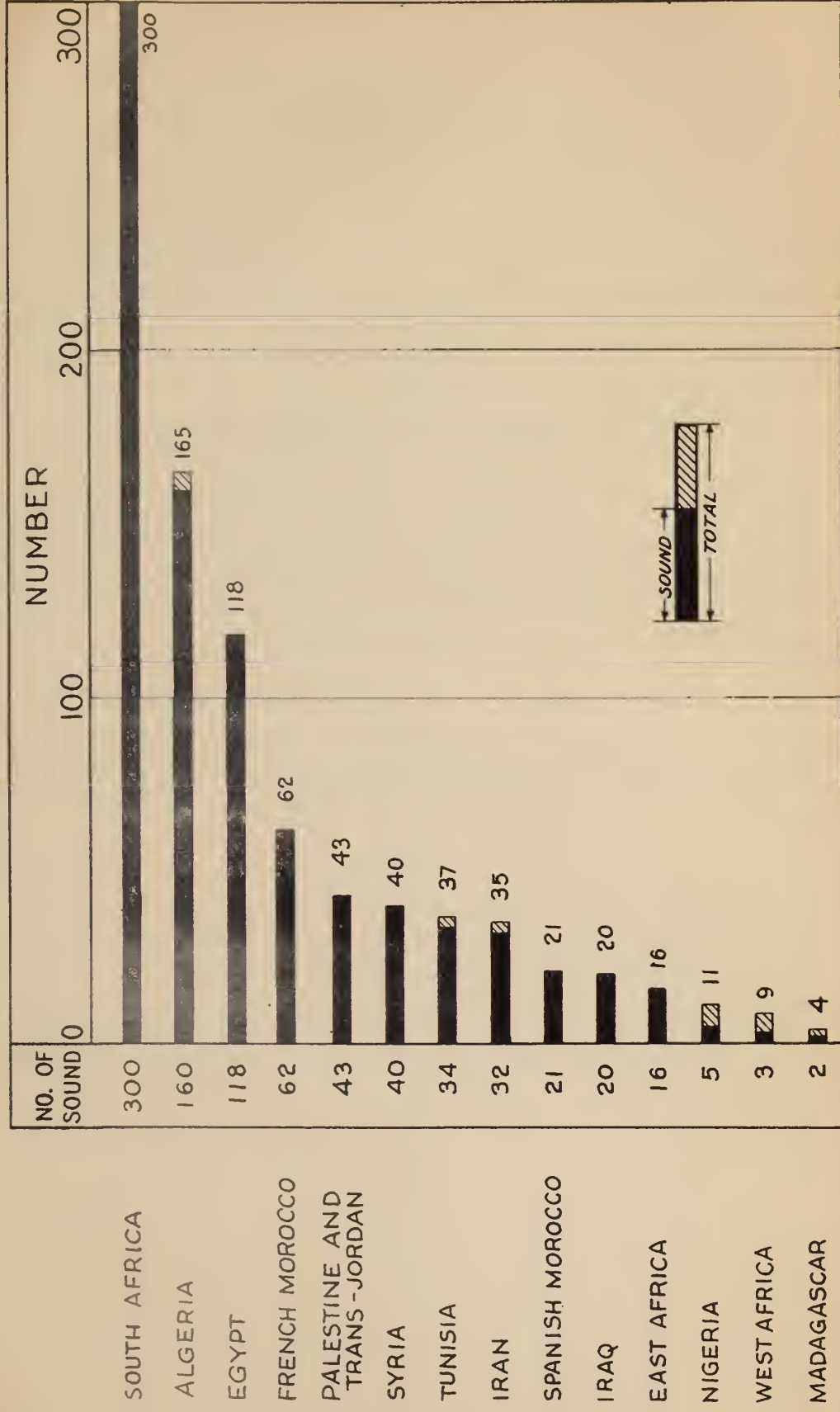
DD. 3932

MOTION PICTURE THEATERS IN THE FAR EAST

1938



MOTION PICTURE THEATERS IN AFRICA AND THE NEAR EAST ~1938



Publications of the Motion Picture Division

Motion Pictures Abroad.

Twice a month the Division releases a foreign market bulletin covering some important phase of the motion-picture situation abroad. This bulletin may cover one or more foreign markets and is based on reports received in the Division from foreign offices of the Department. The subscription price is \$1.00 per year.

Current Releases of Non-theatrical Films and Film Notes.

This service started in December 1932. As its name implies, it consists of news notes covering non-theatrical film developments in all countries, with a list of industrial and educational films (together with supplementary data on these) released by film producers during the preceding month. This bulletin is issued once a month, and should be of great value to all users of non-theatrical films. The yearly subscription rate for this service is \$1.00.

World Wide Motion Picture Developments.

Contains new items relating to motion-picture developments abroad. This service is free, but it is confined almost exclusively to the trade and lay press, which republishes the items.

Statistical Service.

The Division's statistical service consists of a single statement. No. 4700. This statement shows exports to all countries of motion-picture films, sensitized, not exposed; negatives; positives; other sensitized films, not exposed; motion picture cameras (standard and substandard); projectors (standard and substandard); motion picture sound equipment, projection arc lamps. These statements are issued each month and the price is \$1.00 per year.

EXPORTERS

IT IS VERY IMPORTANT THAT YOU HAVE THE 1939 EDITION : SCHEDULE B

Statistical Classification of Domestic Commodities Exported from the United States

EFFECTIVE JANUARY 1, 1939

Schedule B; 1939 Edition; became effective January 1, 1939. Customs officers have been instructed that export declarations submitted must comply with the regulations and new classifications as shown by Schedule B, effective January 1, 1939, in that they must be filled out on typewriter, in ink, or with indelible pencil; all of the required information must be shown in the appropriate spaces provided; obvious errors must be eliminated; and commodity details must be shown in accordance with the 1939 edition. A high proportion of errors in export statistics are directly traceable to carelessness and disregard of regulations on the part of shippers. During 1939 every reasonable effort is being made to increase the accuracy of export statistics. This cannot be accomplished without the active recognition of exporters of their obligation to furnish accurate information on their export declarations.

Therefore, it is important that all shippers provide themselves with a copy of the new 1939 edition of Schedule B so that the efforts of the Bureau to render accurate reports may be accomplished.

FOR YOUR COPY SEND 25 CENTS AND YOUR NAME AND ADDRESS TO EITHER THE SUPERINTENDENT OF DOCUMENTS, WASHINGTON, D. C., OR ANY DISTRICT OFFICE OF THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

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